



*Konark Group*

# Konark Synthetic Ltd.

**25<sup>th</sup>**  
**Annual Report**  
**2008-09**



# Konark Synthetic Ltd.



## BOARD OF DIRECTORS :

Prakashchand Dalmia	Chairman & Managing Director
Amitabh Kejriwal	Whole Time Director
Shonit Dalmia	Whole Time Director
Mahendra Bagaria	Director
Mahendra Agarwal	Director
Punit M. Desai	Director (w.e.f.31.01.2009)

## BANKERS:

Indian Bank  
Corporation Bank

## AUDITORS:

Bhuwania & Agrawal Associates  
Chartered Accountants,  
Mumbai

## REGISTRAR & SHARE TRANSFER AGENT:

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

## REGISTERED OFFICE :

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

## PLANT LOCATIONS

### SILVASSA UNIT:

Plot No.1, 2 & 25,  
Silvassa Industrial Co.op. Soc.,  
66 KVA Sub-Station Road,  
Village: Amli, Dist. Silvassa.  
(UT of Dadra & Nagar Haveli) - 396230

### SARIGAM UNIT:

Plot No. 13 to 20, GIDC Indl. Area,  
Opp. JBF Industries Limited,  
Village - Sarigam, Taluka Umargam,  
Dist. Valsad, Gujarat - 396155

### BANGALORE UNIT:

No. 62/4, 13, 14 & 15 Begur Road,  
11<sup>th</sup> Cross, Ward No. 12,  
Bommanahalli,  
Bangalore - 560068



# Konark Synthetic Ltd.

---

CONTENTS	PAGE NO.
Notice	3-5
Directors' Report	6-10
Statement Pursuant to Section 212 of the Companies Act, 1956	11-11
Auditors' Report	12-14
Balance Sheet	16-16
Profit & Loss Account	17-17
Cash Flow Statement	18-18
Schedules Forming Part of Accounts	19-24
Significant Accounting Policies and Notes on Accounts	25-30
Balance Sheet Abstract & Business Profile	31-31
Financial Details of Subsidiary Company	32-50
Auditors' Report on Consolidated Financial Statements	51-51
Consolidated Balance Sheet	52-52
Consolidated Profit & Loss Account	53-53
Consolidated Cash Flow Statement	54-54
Schedule Forming Part of Consolidated Accounts	55-59
]Significant Accounting Policies and Notes on Consolidated Accounts	60-63
Proxy Form and Attendance Slip	

# Konark Synthetic Ltd.



## NOTICE

**Notice** is hereby given that the Twenty Fifth Annual General Meeting of the members of **KONARK SYNTHETIC LIMITED** will be held on Wednesday, the 30<sup>th</sup> day of September, 2009 at 3.30 p.m. at the Registered Office of the Company at Mittal Industrial Estate, Bldg. No.7, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 059 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March, 2009, the Balance Sheet as on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mahendra Bagaria, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

### SPECIAL BUSINESS:

4. **To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary resolution:**

**“RESOLVED THAT** Mr. Punit M. Desai, who was appointed as an Additional Director by the Board of Directors at their meeting held on 31<sup>st</sup> January, 2009 pursuant to the provisions Section 260 of the Companies Act, 1956 and holds the office up to the date of this Annual General Meeting of the Company and in respect of whom a notice in writing pursuant to Section 257 of the Companies Act, 1956 has been received from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

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

**“RESOLVED THAT** in accordance with the provisions of Section 198, 269, 309 and 310 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the appointment of Shri Shonit Dalmia as Whole Time Director of the Company for a period of five years with effect from 1st February, 2009 on a remuneration of Rs.30,000/- per month in the scale of Rs.30,000- Rs.5,000- Rs.50,000 upon the terms and conditions as set out in the explanatory statement, with a liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment.”

**FURTHER RESOLVED THAT** in the events of no profits or inadequate profits the above remuneration be paid as a minimum remuneration as per provisions of schedule XIII of the Companies Act, 1956.

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

**By order of the Board  
For KONARK SYNTHETIC LIMITED**

**Place : Mumbai  
Date : 28<sup>th</sup> August, 2009**

**PRAKASHCHAND DALMIA  
Chairman & Managing Director**

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



# Konark Synthetic Ltd.

---

## NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself. A proxy need not be a member. Proxy form is enclosed herewith. Proxies to be effective should be deposited at the registered office of the company not less than 48 hours before the meeting.**
2. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of special business is annexed herewith and forming part of this notice.
3. Members desirous of getting any information about the accounts of the Company are requested to send their queries so as to reach at-least ten days before the meeting at the Company's Registered Office, so that the information required can be made readily available at the meeting.
4. Members are requested to intimate change in their address immediately to the Company's Registrar M/s. Purva Sharegistry (India) Pvt. Ltd. 9, Shiv Shakti Industrial Estate, J. R. Boricha Marg, Lower Parel (East), Mumbai- 400 011.
5. In accordance with the provisions of Section 205A of the Companies Act, 1956 the Company has transferred unclaimed dividend for and up to the year ended 31<sup>st</sup> March, 2001 to the Investors Education and Protection Fund of the Central Government.

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 protection fund established by the Central Government and no claims 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 31<sup>st</sup> March, 2002 or any subsequent financial years are requested to make their claims to the Company's share transfer agent immediately.

6. The Register of Members and Share Transfer Register will remain closed from Thursday, the 24<sup>th</sup> day of September, 2009 to Wednesday, 30<sup>th</sup> September, 2009 (both days inclusive) for the Annual General Meeting purpose of the Company.
7. Members holding shares in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates at the Registered Office of the Company at the address given above.
8. Members are requested to bring copies of Annual Report to the Annual General Meeting.
9. The Members / Proxies should bring the attendance slip duly filled in and signed for attending the meeting.
10. Members are requested to quote Ledger Folio Number in their correspondence.

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

### Item No. 4

Mr. Punit M. Desai who was appointed as an Additional Director of the Company with effect from 31<sup>st</sup> January, 2009 pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds the office as an Additional Director upto the date of ensuing Annual General Meeting. The Company has received notice pursuant to Section 257 of the Act from a shareholder proposing the candidate of Mr. Punit M. Desai for the office of Director of the Company.

Mr. Punit M. Desai is a MBA and is having more than 4 years of experience in the field of Business Management and Finance etc.

Your Directors recommends the Ordinary resolution at item no. 4 of the notice for your approval in the interest of the Company.

Except, Mr. Punit M. Desai none of the Directors of the Company is concerned or interested in the said resolution.



# Konark Synthetic Ltd.

---

## ITEM NO.5

The Board of Directors of the Company at its meeting held on 2<sup>nd</sup> February, 2009 appointed Mr. Shonit Dalmia as a Whole Time Director of the Company for a period of five years w.e.f. 1<sup>st</sup> February, 2009 on the terms and conditions as set out below. The said appointment was also approved by the remuneration committee at its meeting held on 2<sup>nd</sup> February, 2009.

The terms and conditions of the appointment are as follows:

1. Remuneration: Monthly Salary on a time scale of Rs.30,000 - Rs.5,000 - Rs.50,000 inclusive of all allowances and perquisites.
2. Other benefits :
  - a) Provisions of a Car for Company's business will not be considered as perquisites. Use of car for private purpose shall be billed by the Company.
  - b) Reimbursement of entertainment expenses actually and properly incurred in the course of legitimate business of the Company. This will not be considered as perquisites.

The remuneration and perquisites shall be subject to the overall ceiling under Section 198 and 309 of the Companies Act, 1956 in case of adequate profit.

In the event of absence or inadequacy of profits in any financial year during the tenure of Mr. Shonit Dalmia as Whole Time Director, the above remuneration would be paid as minimum remuneration, subject to the limits specified under Schedule XIII to the Companies Act, 1956 as modified from time to time.

This may be also treated as an abstract of the terms of the contract and Memorandum of interest in relation to appointment of Mr. Shonit Dalmia pursuant to Section 302 of the Companies Act, 1956.

Mr. Shonit Dalmia deemed to be concerned or interested in the resolution at it pertains to his appointment and remuneration payable to him.

None of the Director Except, Mr. Prakashchand Dalmia, Chairman & Managing Director and Mr. Amitabh Kejriwal, Whole Time Director being the relatives of Mr. Shonit Dalmia is deemed to be concerned and interested in the resolution.

Your Directors recommend the resolution at item No.5 of the notice for your approval.

**By order of the Board  
For KONARK SYNTHETIC LIMITED**

**Place : Mumbai  
Date : 28<sup>th</sup> August, 2009**

**PRAKASHCHAND DALMIA  
Chairman & Managing Director**

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

# Konark Synthetic Ltd.



## DIRECTORS' REPORT

**Dear Members,**

Your Directors are pleased to present the 25<sup>th</sup> Annual Report of your Company together with the Audited statement of Accounts for the year ended 31<sup>st</sup> March 2009:

### FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	For the year ended 31.03.2009	For the year ended 31.03.2008
Total Income	<b>6,952.36</b>	6,098.55
Earnings/ (Loss) before finance charges, Depreciation & Tax	<b>722.51</b>	465.32
Less: Finance charge	<b>359.50</b>	200.69
<b>Earnings before depreciation, tax &amp; Amortization (EBDTA)</b>	<b>363.01</b>	264.63
Less: Depreciation	<b>194.04</b>	162.20
<b>Earnings/(Loss) before Tax (EBTA)</b>	<b>168.97</b>	102.43
<b>Taxation :</b> Current tax	<b>19.15</b>	11.50
: Deferred tax (Assets)	<b>80.62</b>	18.35
: Fringe Benefit Tax	<b>4.90</b>	2.81
<b>Profit / (Loss) After Tax (PAT)</b>	<b>64.30</b>	69.77
<b>Prior period adjustment</b>	<b>0.70</b>	1.64
Short provision for income tax in earlier year	<b>1.18</b>	-
<b>Balance brought forward</b>	<b>638.84</b>	335.88
<b>Add: Balance transferred from Amalgamating Companies</b>	<b>-</b>	234.83
<b>Balance carried forward to Balance Sheet</b>	<b>701.26</b>	638.84

### REVIEW OF BUSINESS OPERATIONS

During the year under review the Company achieved a gross turnover of Rs.6785.64 Lacs as against 5831.85 Lacs in the previous year. The Profit before tax Stood to Rs.168.97 Lacs as against Rs. 102.43 Lacs in the previous year.

The year under review was one of the most challenging year for the textile sector across the world. Even in the said situation your Company was able to earned a Foreign Exchange of Rs. 346.97 Lacs as against Rs. 26.25 Lacs in the previous year. Despite the extremely challenging environment, the company managed to endure this difficult period. Your Directors are optimistic about the future growth of the Company and are putting their best effort to bring the Company in growth path.

### DIVIDEND

In order to conserve the resources, your Directors do not recommend any payment of dividend on equity shares for the year under review.

### DIRECTORS

In accordance with the provision of the Companies Act, 1956, and the Articles of Association of the Company Mr. Mahendra Bagaria will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Board recommends the re-appointment for shareholders approval.

Further, with effect from 31<sup>st</sup> January, 2009, the Board of Directors of the Company at its meeting held on 31<sup>st</sup> January, 2009 appointed Mr. Punit M. Desai as an Additional Director on the Board of the Company, pursuant to provision of Section 260 of the Companies Act, 1956 and he holds the office upto the conclusion of the ensuing Annual General Meeting of the Company. Your Directors recommend his appointment for your approval.

Further, Mr. Shonit Dalmia has been appointed as the Whole Time Director of the Company for a period of 5 Years with effect from 1<sup>st</sup> February, 2009.





# Konark Synthetic Ltd.

---

## **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 financial year ended 31<sup>st</sup> March, 2009, the applicable accounting standards have been followed and no material departures have been made from the same.
- ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 and of the 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 31<sup>st</sup> March, 2009 on a "going concern" basis.

## **STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956**

A statement pursuant to Section 212 of the Companies Act, 1956 relating to the Subsidiary Company M/s. India Denim Limited, is annexed to this report. The Audited statement of accounts, alongwith the report of the Board of Directors, Auditors report thereon for the year ended 31<sup>st</sup> March, 2009 relating to said subsidiary is attached to the report.

## **CONSOLIDATED FINANCIAL STATEMENT**

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

## **FIXED DEPOSITS**

The Company has not accepted any fixed deposits and as such, no amount of principal or interest was outstanding as on the Balance sheet date.

## **AUDITORS**

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

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

## **AUDITORS REPORT**

The remark made by the Auditors in their report relating to non provision of gratuity. In this regards your directors would like to state that presently the Company is paying the gratuity as and when arises.

## **LISTING OF SECURITIES**

The Equity shares of the company are listed at Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited. The Company has paid the Annual listing fees for the year 2009 - 2010 to both the Exchanges.

## **CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION, ADOPTION INNOVATION**

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

## **PARTICULARS OF EMPLOYEES**

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

# Konark Synthetic Ltd.



## FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars of Foreign Exchange earnings and outgo for the year under review are as follows:

(Rs. in Lacs)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Foreign Exchange earned ( Export ) FOB	346.97	26.25
Foreign Exchange used	22.20	15.13

## ALLOTMENT OF SHARES PURSUANT TO SCHEME OF AMALGAMATION

Pursuant to the Scheme of Amalgamation of erstwhile Konark Silk Mills Private Limited (KSMPL) and Excel Synthetic Private Limited (ESPL) with the Company u/s 391 to 394 of the Companies Act, 1956 as approved by the Hon'ble High Court Judicature at Bombay, vide Order dated 2<sup>nd</sup> May, 2008., the Board of Directors at its meeting held on 29<sup>th</sup> March, 2009 issued and allotted the 35,40,000 Equity shares of Rs. 10/- each to the shareholders of erstwhile KSMPL and ESPL in the following manner :

- In case of KSMPL 21,00,000 Equity shares of Rs. 10/- each credited as fully paid up in the Company in the ratio of 21 Equity shares of the Company for every 10 Equity shares held in the erstwhile KSMPL.
- In case of ESPL 14,40,000 Equity shares of Rs. 10/- each credited as fully paid up in the Company in the ratio of 9 Equity shares of the Company for every 5 Equity shares held in the erstwhile ESPL.

## REDUCTION OF CAPITAL

During the year under review, pursuant to the resolution passed under Section 78 and 100 to 104 of the Companies Act, 1956 at the Extra Ordinary General Meeting held on 8<sup>th</sup> September, 2008 and subsequent approval by the Hon'ble High Court, judicature at Bombay vide order dated 13<sup>th</sup> March, 2009, the 42,000 (Forty Two Thousand) Equity Shares of Rs. 10/- each which were issued and allotted to Mr. Paras Rajgharia has been cancelled and an amount of Rs. 23,10,000/- has been utilized from share / Securities premium account for repayment of premium paid on the said shares @ of Rs.55/- per share. The reduction of share capital from Rs. 2,31,00,000/- to Rs. 2,26,80,000/- and utilization of share premium accounts, has become effective upon filing of the certified true copy of said order with the Registrar of Companies, Maharashtra on 27<sup>th</sup> April, 2009.

## COMPOSITION OF AUDIT COMMITTEE

The Company has constituted an Audit Committee of the Board of Directors, with effect from 29<sup>th</sup> March, 2009 as per provisions of Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement, consisting of the following Directors:

Mr. Punt Desai - Chairman of the Committee  
Mr. Mahendra Agarwal  
Mr. Mahendra Bagaria  
Mr. Shonit Dalmia

The terms of the reference of Audit committee are as per Section 292A of the Companies Act, 1956 and clause 49 of the listing agreement.

## CORPORATE GOVERNANCE

As per provisions of Clause 49 of the listing agreement, the Corporate Governance reporting is applicable to the Company with effect from 1<sup>st</sup> April, 2009. Hence, the Company is complying with the provisions of clause 49 of the listing agreement. The detail report on Corporate Governance and Management discussion will be presented in the Annual Report for the year 2009- 2010.

## ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Place : Mumbai  
Date : 28<sup>th</sup> August, 2009

PRAKASHCHAND DALMIA  
Chairman & Managing Director



# Konark Synthetic Ltd.

---

## ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2009.

### CONSERVATION OF ENERGY:

#### A) Energy Conservation measures taken:

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

#### B) Impact of the above measures:

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

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

### PARTICULARS AS PER FORM B

#### Research & Development:

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

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

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

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

##### (iii) Future plan of action

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

#### Expenditure on research and development

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

#### Technology Absorption, Adoption & Innovation:

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

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

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

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

# Konark Synthetic Ltd.



## FORM A

### FORM FOR DISCLOSURE OF PARTICULARS TO CONSERVATION OF ENERGY

Particulars	31 <sup>st</sup> March, 2009	31 <sup>st</sup> March, 2008
<b>A. POWER AND FUEL CONSUMPTION</b>		
<b>a. Electricity</b>		
( i ) Purchase (KWH) ( <b>Speciality Yarn</b> )	4289880	5037409
Total Amount (Rs.)	16192794	13086673
Rate / Unit (Rs.)	3.77	2.60
( ii ) Purchase ( KWH ) ( <b>Fabric</b> )	708333	635972
Total Amount (Rs.)	3484009	2492174
Rate / Unit (Rs.)	4.92	3.92
( iii ) Purchase (KWH) - <b>Garments</b>	170560	195484
Total Amount (Rs.)	948118	1032880
Rate / Unit (Rs.)	5.56	5.28
<b>b. Own Generation (Through Diesel) - Garments</b>		
Purchase (KWH)	156156	134660
Total Amount (Rs.)	1135898	935887
Rate / Unit (Rs.)	7.27	6.95
<b>c. Furnance Oil</b>	Nil	Nil
<b>d. Other / Internal Generation</b>	Nil	Nil
<b>B. a FABRIC</b>		
Coal (used in Boiler)		
Qty (In Metric Tons)	<b>565.165</b>	Nil
Total Cost (In Rs.)	<b>2369026</b>	Nil
Average Rate (Rs. Per Ton)	<b>4191.74</b>	Nil
<b>C. CONSUMPTION PER UNIT OF PRODUCTION ( KWH )</b>		
<b>Yarn ( Per kg. )</b>	<b>4.38</b>	<b>4.21</b>
<b>Fabric ( Per Mtr. )</b>	<b>0.44*</b>	<b>1.94</b>
<b>Garments ( PCS )</b>	<b>0.83</b>	<b>0.86</b>

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



# Konark Synthetic Ltd.

Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company

1.	Name of the Subsidiary Company	<b>INDIA DENIM LIMITED</b>
2.	Financial Year ended on	<b>31<sup>st</sup> March, 2009</b>
3.	Date on which it became the Subsidiary of the Company	<b>29<sup>th</sup> March, 2008</b>
4.	Shares of the Subsidiary held by the Company on 31 <sup>st</sup> March, 2009 (a) Number and face value (b) Extent of holding	<b>58,00,000 equity shares of Rs.10/- each</b> <b>55.74 %</b>
5.	The net aggregate of Profit / (Loss) of the Subsidiaries so far as they concern the members of the Company: (a) Dealt within the accounts of the Company for the year ended 31 <sup>st</sup> March, 2009 (b) Not dealt with in the accounts of the Company for the period ended 31 <sup>st</sup> March, 2009	<b>Nil</b> <b>Rs. 30,09,881/- ( Loss )</b>
6.	The net aggregate of profit / (loss) of the subsidiaries for previous years, since it became subsidiary so far as they concern members of the Company: (a) Dealt within the accounts of the Company for the year ended 31 <sup>st</sup> March, 2009 (b) Not dealt with in the accounts of the Company for the year ended 31 <sup>st</sup> March, 2009	<b>Nil</b> <b>Rs. 25,70,959/- (Loss)</b>
7.	Changes in the holding Company's interest in the subsidiary between the end of the financial year of the subsidiary and the end of the holding Company's financial year.	<b>N. A.</b>
8.	Material changes which have occurred between the end of the aforesaid financial year of the subsidiary and the end of the holding Company's financial year in respect of: (a) the subsidiaries fixed assets (b) its investments (c) moneys lent by the Subsidiary Company (d) the money borrowed by it for any purpose other than that of meeting current liabilities	<b>Nil</b>

**For and on behalf of the Board**

Place: Mumbai  
Date: 28<sup>th</sup> August, 2009

**PRAKASHCHAND DALMIA**  
Chairman & Managing Director

**AMITABH KEJRIWAL**  
Whole Time Director

# Konark Synthetic Ltd.



## AUDITORS' REPORT

### TO THE MEMBERS OF KONARK SYNTHETIC LIMITED.

- A. We have audited the attached Balance Sheet of **KONARK SYNTHETIC LIMITED** as at 31<sup>st</sup> March, 2009 the Profit & Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- B. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
- C. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956. We enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
- D. Further to our comments in the annexure referred to above, we report that: -
- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper Books of Accounts as required by law have been kept by the Company, so far as appears from my examination of the books.
  - c. The Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with Books of Account.
  - d. In our opinion the attached Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable except non provision of gratuity as referred in note no. 2 of Schedule 17.
  - e. On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2009 from being appointed as Directors in term of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956 .
- E. In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with significant accounting policies and along with Note No. 2 of the Notes on Accounts regarding non provision of Gratuity as the exact amount of such provision is not ascertainable due to information required and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i. in case of Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
  - ii. in the case of Profit & Loss Account of the Profit for the year ended on that date; and
  - iii. In the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

For **BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

Place : Mumbai.  
Date : 30<sup>th</sup> June, 2009.

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



# Konark Synthetic Ltd.

## ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (C) of the Auditors' Report of even date to the Members of **KONARK SYNTHETIC LIMITED** on the accounts for the year ended 31<sup>st</sup> March, 2009.

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

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

(Amt. in Lacs)

No. of Accounts	Amount of Loan Given	Maximum Outstanding	Cl. Balance
1	198.50	198.50	198.50

- b) The other terms and conditions of loan given are prima facie not prejudicial to the interest of the company.
- c) In absence of any stipulated term for repayment of principal amount, we are unable to comments.
- d) There was no overdue amount in excess of Rupees One Lacs.
- e) As per information furnished, during the year the company has taken interest free unsecured loans from companies under same management and the parties covered in the register maintained u/s 301 of the Companies Act, 1956, details are as follows:

(Amt. in Lacs)

No. of Accounts	Amount of Loan Taken	Maximum Outstanding	Cl. Balance
3	263.35	294.25	0.00

- f) Other terms & conditions of the loans taken are prima facie not prejudicial to the interest of the company.
- g) The company is regular in repayments of principal dues if any.
- h) There was no overdue amount of Rs. 1.00 Lac outstanding more than one year as stipulated if any.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
5. In respect of transaction entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
  - i) To the best of our knowledge & belief and according to the information and explanations given to us, transactions that need to be entered in the Register have been so entered.
  - ii) According to the information and explanations given to us, these contracts or transactions have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

# Konark Synthetic Ltd.



6. According to the information and explanation given to us, the company has not accepted any deposits during the year from the public within the meaning of the provision of the Section 58 A and Section 58 AA of the Companies Act, 1956 and the rules framed there under. Hence clause 4(vi) of the Order is not applicable.
7. In our opinion, the company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. The Central Government has prescribed maintenance of the cost records under section 209(1)(d) of the Companies Act, 1956 in respect of textile manufacturing activity of the company. We have broadly reviewed the books of accounts and records maintained by the Company in this connection and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.
9. According to the information & explanation given to us in respect of statutory and other dues:
  - i) The company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education & Protection Fund, and Employee's State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year
  - ii) According to the information and explanations given to us, no undisputed amount payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.
  - iii) According to the information and explanation given to us, that there is no disputed statutory dues as on 31<sup>st</sup> March, 2009.
10. The Company neither have accumulated losses at the end of the year, nor incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanation given by the Management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders during the year.
12. In our opinion and according to the explanation given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or nidhi / mutual benefit fund / societies. Therefore clause 4 (xiii) of the Companies (Auditors' Report) order, 2003 is not applicable to the Company.
14. The company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investment and timely entries have been made therein. All shares, debentures and other securities have been held by the company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institution.
16. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loan raised during the year were prima facie been either used for the purpose for which they were raised or pending utilization been temporarily used for other purpose.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short term basis that have been used for long term investment.
18. During the year the Company has not made any preferential allotment of equity shares.
19. During the year covered by our audit report, the company has not issued any secured debentures.
20. The Company has not raised any money by public issues during the year covered by our report.
21. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

Place : Mumbai.  
Date : 30<sup>th</sup> June, 2009

**N. K. AGRAWAL**  
Partner  
M. No. 34659



**THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK**

# Konark Synthetic Ltd.



## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009

PARTICULARS	SCH. NO	As At 31.03.2009 Amount (Rs.)	As At 31.03.2008 Amount (Rs.)
<b>SOURCES OF FUNDS</b>			
a) Share Capital	1	58,500,000	23,100,000
b) Reserves & Surplus	2	199,044,376	192,801,962
c) Suspense Account		-	35,400,000
<b>Loan Funds</b>			
Secured Loans	3	375,954,375	307,579,162
Unsecured Loan	4	77,403,319	52,351,630
Provision for Deferred Taxation		30,914,136	22,851,724
<b>TOTAL</b>		<b>741,816,206</b>	<b>634,084,478</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
a) Gross Block	5	449,294,611	401,939,757
b) Less : Depreciation		129,481,806	111,521,479
c) Net Block		319,812,805	290,418,278
d) Capital Work In Progress		123,023,617	44,041,495
<b>Investment (at cost)</b>	6	88,707,100	88,705,100
<b>Current Assets Loans and Advances</b>	7		
a) Inventories		99,314,157	96,398,641
b) Sundry Debtors		312,203,630	211,172,406
c) Cash and Bank Balances		10,106,243	10,176,638
d) Loans and Advances		78,498,306	51,195,260
		500,122,335	368,942,945
<b>Less : Current Liabilities and Provisions</b>	8		
a) Current Liabilities		287,445,173	156,591,951
b) Provisions		2,404,478	1,431,389
Net Current Assets		210,272,684	210,919,605
Miscellaneous Expenditure (to the extent not written off or adjusted)	9	-	-
<b>TOTAL</b>		<b>741,816,206</b>	<b>634,084,478</b>
<b>NOTES TO THE ACCOUNTS</b>	18		

As per our reports of even date attached

For and on behalf of the Board

**For BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

**PRAKASHCHAND DALMIA**  
Chairman & Managing Director

**AMITABH KEJRIWAL**  
Whole Time Director

**N. K. AGRAWAL**  
Partner  
Membership No. 34659  
Place : Mumbai.  
Date : 30<sup>th</sup> June, 2009

**SHONIT DALMIA**  
Whole Time Director

**MAHENDRA BAGARIA**  
Director

**MAHENDRA AGARWAL**  
Director

**PUNIT M. DESAI**  
Director



# Konark Synthetic Ltd.

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

PARTICULARS	SCH. NO	CURRENT YEAR 2008-09 Amount (Rs.)	PREVIOUS YEAR 2007-08 Amount (Rs.)
<b>INCOME</b>			
<b>Gross Sales</b>			
- Domestic (Incl. Operational Income)		643,669,614	580,414,526
- Export		34,894,405	2,769,999
		678,564,019	583,184,525
Less: Excise Duty		250,740	433,033
<b>Net Sales</b>		678,313,279	582,751,492
Management Consultancy Services		3,500,000	7,500,000
Other Incomes	10	7,571,180	2,469,924
Increase/(Decrease) in Stock	11	5,851,238	17,134,252
<b>TOTAL</b>		695,235,697	609,855,666
<b>EXPENDITURE</b>			
Cost of Goods Consumed	12	425,937,079	105,921,345
Cost of Goods Sold	13	88,236,025	365,551,595
Manufacturing Expenses	14	46,586,505	35,813,879
Payment to Employees	15	46,172,712	41,756,286
Administration & Selling Expenses	16	15,903,358	14,475,884
Finance Expenses	17	35,950,231	20,068,862
Loss on sale of Plant & Machinery		281,239	48,469
Depreciation	5	19,403,660	16,220,256
Excise Duty		(132,531)	(243,969)
<b>TOTAL</b>		678,338,277	599,612,607
<b>PROFIT FOR THE YEAR</b>		16,897,421	10,243,060
Provision For Current Tax @ 11.33%		1,914,478	1,150,000
Deferred Tax Liabilities		8,062,413	1,834,499
Fringe Benefit Tax		490,000	281,389
<b>PROFIT AFTER TAX</b>		6,430,530	6,977,172
Prior Period Adjustments		70,343	164,390
Short provision of I.Tax Earlier Year		117,770	-
Balance As per Last Balance Sheet		63,883,653	57,070,872
Amount available for appropriation		70,126,069	63,883,654
<b>BALANCE OF PROFIT CARRIED OVER TO BALANCE SHEET</b>		70,126,069	63,883,654
Earning Per Share Basic & Diluted			

### NOTES TO THE ACCOUNTS

18

As per our reports of even date attached

For and on behalf of the Board

**For BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

**PRAKASHCHAND DALMIA**  
Chairman & Managing Director

**AMITABH KEJRIWAL**  
Whole Time Director

**N. K. AGRAWAL**  
Partner  
Membership No. 34659  
Place : Mumbai.  
Date : 30<sup>th</sup> June, 2009

**SHONIT DALMIA**  
Whole Time Director

**MAHENDRA BAGARIA**  
Director

**MAHENDRA AGARWAL**  
Director

**PUNIT M. DESAI**  
Director

# Konark Synthetic Ltd.



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

(Rupees in Lacs)

Particulars	31st MARCH, 2009		31ST MARCH, 2008	
<b>Cash flow from operating activity</b>				
Net Profit before tax & Extra Ordinary Items		168.97		102.43
Adjustment for : Depreciation	194.04		162.20	
Interest paid	359.50		200.69	
Miscellaneous expenses written off	0.00		3.19	
(Profit)Loss on Sale of Fixed Assets	2.81		0.48	
(Profit)Loss on Sale of Investment	0.00		(1.11)	
Interest Income (considered Separately)	(20.00)	536.35	(16.54)	348.91
<b>Operating Profit before working capital changes</b>		451.34		451.34
<b>WORKING CAPITAL CHANGES</b>				
(Increase)Decrease in Sundry debtors	(1,010.31)		(1,230.89)	
(Increase)Decrease in Loans & Advances	(242.91)		540.93	
(Increase)Decrease in Inventories	(29.16)		(250.25)	
Increase(Decrease) in Trade Payable (Incl.Work'g Cap.Fin)	1,347.78	65.40	1,444.39	504.18
<b>Cash Generated From operations</b>		770.72		955.52
Interest paid		(359.50)		(200.69)
<b>Cash Flow Before Prior Period &amp; Extra Ordinary Items</b>		411.22		754.83
Prior Period & Extra Ordinary Items		1.88		1.64
<b>Net Cash Flow From Operating Activities (I)</b>		409.34		753.19
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(1,317.88)		(239.03)	
Interest Income	20.00		16.54	
Sale of Investment	0.00		4.30	
Tuf Subsidy Received on Fixed Assets	34.69		0.00	
Sale of fixed assets	2.58		3.00	
<b>Net Cash Outflow for investing Activities (II)</b>		(1,260.61)		(215.19)
<b>Cash flow after investing activities (III) = (I - II)</b>		851.27		538.00
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from long term borrowing(Net Of Repayments)	630.92		(96.96)	
Proceed from Equity shares	0.00		0.00	
Share Premium	0.00		0.00	
Unsecured Loan	250.52		32.22	
Investment	(0.02)		(429.50)	
Dividend paid	(0.73)		(0.96)	
Direct Tax Paid	(30.13)		(23.59)	
<b>Net Cash Flow from financing activity (IV)</b>		850.56		(518.79)
<b>Cash flow after financing activity (V) = (III - IV)</b>		(0.71)		19.21
Opening Balance:				
Cash &Cash Equivalent		101.77		82.56
Cash &cash equivalent(Closing balance)		101.06		101.77
<b>Increase in cash &amp; cash equivalent (VI)</b>		(0.71)		19.21

As per our reports of even date attached

For and on behalf of the Board

**For BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

**PRAKASHCHAND DALMIA**  
Chairman & Managing Director

**AMITABH KEJRIWAL**  
Whole Time Director

**N. K. AGRAWAL**  
Partner  
Membership No. 34659  
Place : Mumbai.  
Date : 30<sup>th</sup> June, 2009

**SHONIT DALMIA**  
Whole Time Director

**MAHENDRA BAGARIA**  
Director

**MAHENDRA AGARWAL**  
Director

**PUNIT M. DESAI**  
Director



# Konark Synthetic Ltd.

## SCHEDULES TO THE ACCOUNTS

PARTICULARS	AS AT 31.03.2009 AMOUNT (Rs.)	AS AT 31.03.2008 AMOUNT (Rs.)
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
15000000 Equity Shares of Rs. 10/- each. (P.Y 15000000 Equity Shares of Rs 10/- each)	150,000,000	150,000,000
<b>ISSUED &amp; SUBSCRIBED CAPITAL</b>		
5850000 Equity Shares of Rs 10/- each fully paid up(Previous year 2310000 Equity Shares of Rs.10/-each fully paid up)	58,500,000	23,100,000
<b>TOTAL</b>	<b>58,500,000</b>	<b>23,100,000</b>
<b>SCHEDULE 2: RESERVES &amp; SURPLUS</b>		
i) Capital Incentive Subsidy	2,500,000	2,500,000
ii) General Reserve	51,751,143	51,751,143
iii) Capital Redemption Reserve	4,000,000	4,000,000
iv) Share Premium	70,667,165	70,667,165
v) Profit & Loss Appropriation Account	70,126,069	63,883,654
<b>TOTAL</b>	<b>199,044,376</b>	<b>192,801,962</b>
<b>SCHEDULE 3: SECURED LOANS</b>		
<b>I. TERM LOANS</b>		
SICOM	5,500,000	25,000,000
Indian Bank	200,455,881	117,211,903
Corporation Bank	19,106,735	4,759,464
Corporation Bank FCNR Loan Account	-	20,000,000
<b>II. WORKING CAPITAL LOANS</b>		
Indian Bank - Cash Credit (HYP) & Book Debts	81,525,249	70,983,479
Indian Bank/ Corp. Bank LC Discounting	27,288,940	34,552,608
Corporation Bank	34,346,522	17,341,266
Corporation Bank FCNR Account	-	15,000,000
<b>III. OTHER SECURED LOANS</b>		
Loan against Motor Car	7,731,048	2,730,442
<b>TOTAL</b>	<b>375,954,375</b>	<b>307,579,162</b>
Notes:		
i) Term loan from SICOM Secured by i) Mortgage of entire Fixed & Movable Properties including Land & Building of the Company. ii) Hypothecation of entire Plant & Machinery, Machinery Spares, tools & accessories, Electrical Installation and Furniture & Fixtures of the Company. iii) Floating charge on all the other assets of the company.		
ii) Term Loan from Indian Bank secured by Mortgage of immovable properties of the company including Movable Plant & Machinery, Stores & Spares, tools and accessories and other movable both present & future (except stock and Book Debts) at Silvassa & Sarigam.		
iii) Term Loan from Corporation Bank secured by Mortgage of immovable properties of the company including Movable Plant & Machinery, Stores & Spares, tools and accessories and other movable both present & future (except stock and Book Debts) at Silvassa & Bangalore.		
iv) All working Capital Loans are secured by Hypothecation on the stock of raw materials, semi-finished, finished goods stores & spares, Packing Materials, Consumables & Book Debts and second Charge on land & Building and Plant & Machinery of the company.		
v) All above Loans are personally guaranteed by the Managing Director and one other Director.		
<b>SCHEDULE 4: UNSECURED LOANS</b>		
Kotak Mahindra Bank Ltd.	1,619,665	3,500,000
Inter Corporate Loans	75,783,654	48,851,630
<b>TOTAL</b>	<b>77,403,319</b>	<b>52,351,630</b>

# Konark Synthetic Ltd.



## SCHEDULE 5 : FIXED ASSETS

(Amount in Rupees)

DESCRIPTION		GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK	
	As on 01.04.2008	Additions During the Year	Sold/Adj. During the Year	As on 31.03.2009	As on 01.04.2008	During the Year	Adjustment If Any	As on 31.03.2009	As on 31.03.2008
A. HEAD OFFICE ( W.D.V. Method )									
Office Equipment	788,256	102,505	-	890,761	533,784	62,583	-	596,367	294,395
Furniture & Fixture	2,858,796	3,037	-	2,861,833	2,175,678	126,681	-	2,302,359	559,473
Veehicles	2,952,716	-	1,206,720	1,745,996	1,917,971	233,488	1,036,654	1,114,804	631,192
Computers	1,192,642	20,368	-	1,213,010	1,110,765	39,667	-	1,150,432	62,578
Computers Software	177,960	-	-	177,960	41,836	54,450	-	96,286	81,674
Plant & Machinery (R&D)	2,748,566	-	-	2,748,566	1,564,762	164,667	-	1,729,429	1,019,137
TOTAL (A) ==>	10,718,936	125,910	1,206,720	9,638,126	7,344,796	681,536	1,036,654	6,989,677	2,648,448
B. FACTORIES UNITS ( S.L.M. Method )									
Lease Hold Land	6,180,340	-	-	6,180,340	117,489	62,421	-	179,910	6,062,851
Land	1,069,088	-	-	1,069,088	-	-	-	-	1,069,088
Factory Building	33,098,706	42,133,790	-	75,232,496	7,608,515	1,926,725	-	9,535,240	65,697,256
Plant & Machinery	323,047,075	2,427,302	4,244,298	321,230,079	89,826,270	14,434,794	406,681	103,854,383	217,375,696
Equipment	1,581,294	80,057	-	1,661,351	613,462	80,799	-	694,260	967,091
Furniture & Fixture	4,541,615	89,940	-	4,631,555	1,257,287	299,039	-	1,556,326	3,075,229
Veehicles (Motor Car)	7,152,099	7,919,474	-	15,071,573	2,615,598	1,100,720	-	3,716,319	11,355,254
Computers	1,013,265	21,900	-	1,035,165	498,699	156,168	-	654,866	380,299
Computer Software	160,000	-	-	160,000	39,069	25,936	-	65,005	94,995
Electrical Installation	13,056,256	7,500	-	13,063,756	1,459,276	620,270	-	2,079,546	10,984,209
Cooling Tower	321,083	-	-	321,083	141,021	15,251	-	156,272	164,811
TOTAL (B) ==>	391,220,820	52,679,963	4,244,298	439,656,485	104,176,687	18,722,123	406,681	122,492,128	317,164,358
GRAND TOTAL (A+B)	401,939,756	52,805,873	5,451,018	449,294,611	111,521,483	19,403,659	1,443,335	129,481,804	319,812,806
PREVIOUS YEAR	218,367,147	77,848,719	1,357,924	294,857,942	83,208,701	13,175,092	671,442	95,712,351	199,145,591
									135,158,446

Note : 1. Rs. 4244298 under the head Sold/Adjustment of Gross Block includes a sum of Rs. 34,96 Lacs received during the year as a capital subsidy from Government.



# Konark Synthetic Ltd.

PARTICULARS	AS AT 31.03.2009 AMOUNT (Rs.)	AS AT 31.03.2008 AMOUNT (Rs.)
<b>SCHEDULE 6: INVESTMENT</b>		
<b>Long Term Investment In Shares</b>		
<b>QUOTED</b>		
Sun Earth Ceramics Ltd. (6800 Equity Share of Rs.10/- each, Market value is Rs.0.09 Lacs P.Y.Rs 0.09)	204,000	204,000
<b>UNQUOTED</b>		
10 (P.Y.10)Shares of Silvassa Co-op. Society Ltd. of Rs. 100/- each	1,100	1,100
40(P.Y.10) Shares of The City Co-op Bank Ltd of Rs. 25/- each	2,000	-
India Denim Limited (5800000 Equity Shares of Rs. 10/- each.)	58,000,000	58,000,000
Share Application Money	30,500,000	30,500,000
<b>TOTAL</b>	<b>88,707,100</b>	<b>88,705,100</b>
<b>SCHEDULE 7: CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
a) Inventories (Valued taken and certified by the managment)		
i) Raw Materials	5,476,348	9,686,676
ii) Work in Process	48,650,719	51,374,824
iii) Finished Goods	35,390,757	26,815,415
iv) Goods in Transit	-	104,279
v) Stock of Fabric	195,933	195,933
vi) Stores,Spares & others	9,600,400	8,221,514
<b>TOTAL</b>	<b>99,314,157</b>	<b>96,398,641</b>
b) Sundry Debtors,( Unsecured & Considered Good)		
i) Over Six months	11,154,260	41,141,061
ii) Others	301,049,369	170,031,344
<b>TOTAL</b>	<b>312,203,630</b>	<b>211,172,405</b>
c) Cash & Bank Balances		
i) Cash in hand	2,400,346	1,239,871
ii) Balances with Schedule Bank		
In Fixed Deposits	6,680,772	7,555,680
In Current Accounts	1,025,126	1,381,087
<b>TOTAL</b>	<b>10,106,243</b>	<b>10,176,638</b>
d) Loans and Advances (Unsecured and considered Good)		
i) Short Term Loan		
a) Given to Companies under same management	19,850,000	-
b) Others	13,457,441	13400068
ii) Deposits with Govt. & Others*	7,860,893	7,859,483
iii) Advances recoverable in cash or in kind or for value to be received		
- Advance to Suppliers	1,730,542	1,390,494
- Advance to Government	12,651,976	6,333,962
- Advance to Others	22,947,453	22,211,254
<b>TOTAL</b>	<b>78,498,306</b>	<b>51,195,261</b>

\*(Includes Rs.107.24 Lacs (P.Y.Rs 107.24 Lacs) due to  
Company/Firm in which Directors' are interested)

# Konark Synthetic Ltd.



PARTICULARS	AS AT 31.03.2009 AMOUNT (Rs.)	AS AT 31.03.2008 AMOUNT (Rs.)
<b>SCHEDULE 8: CURRENT LIABILITIES &amp; PROVISIONS</b>		
a. CURRENT LIABILITIES		
i) Sundry Creditors		
For Trade Goods & Expenses	262,254,377	145,000,426
For Others	24,899,200	11,244,734
Investor Education and Protection Fund	273,834	346,790
Bank Over Draft	17,763	-
<b>TOTAL</b>	<b>287,445,173</b>	<b>156,591,951</b>
b. PROVISIONS		
i) Provision for Taxation	1,914,478	1,150,000
ii) Provision for Fringe Benefit Tax	490,000	281,389
<b>TOTAL</b>	<b>2,404,478</b>	<b>1,431,389</b>
<b>SCHEDULE 9 : MISCELLINEOUS EXPENDITURE</b>		
Deferred Revenue Expenditure	-	-
Lees: W/Off During The Year	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

PARTICULARS	CURRENT YEAR 2008-09 Amount (Rs.)	PREVIOUS YEAR 2007-08 Amount (Rs.)
<b>SCHEDULE 10: OTHER INCOME</b>		
Interest Income	2,000,429	1,654,431
Late Payment charges	100,731	103,268
Sale of Job Work	325,549	140,385
Profit on Sale of Investment	-	111,180
Insurance Claim Received	-	27,403
DEPB Incentive / Drawback Incentive	3,093,184	248,719
Foreign Exchange Fluctuation	1,750,631	6,266
Miscellaneous Income & Others	300,656	178,272
<b>TOTAL</b>	<b>7,571,180</b>	<b>2,469,924</b>
<b>SCHEDULE 11 : INCREASE / (DECREASE) IN STOCK</b>		
Closing Stock		
Work in process	48,650,719	51,374,824
Finished Goods	35,390,757	26,815,414
	84,041,476	78,190,238
Less: Opening Stock		
Work in process	51,374,824	23,582,891
Finished Goods	26,815,414	37,473,096
	78,190,238	61,055,987
<b>TOTAL</b>	<b>5,851,238</b>	<b>17,134,251</b>





# Konark Synthetic Ltd.

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2008-09 Amount (Rs.)	2007-08 Amount (Rs.)
<b>SCHEDULE 12 : COST OF GOODS CONSUMED</b>		
Opening Stock	9,686,677	3,431,485
Add : Purchases (Domestic)	420,033,009	112,176,536
Purchase (Import)	1,693,740	-
	<u>431,413,426</u>	<u>115,608,021</u>
Less: Closing Stock	5,476,348	9,686,676
<b>TOTAL</b>	<u>425,937,079</u>	<u>105,921,345</u>
<b>SCHEDULE 13: COST OF GOODS SOLD</b>		
Opening Stock of Fabrics	195,933	195,933
Fabrics Purchase	88,236,025	365,551,595
Closing Stock of Fabrics	195,933	195,933
<b>TOTAL</b>	<u>88,236,025</u>	<u>365,551,595</u>
<b>SCHEDULE 14: MANUFACTURING EXPENSES</b>		
Stores, Spares,Packing Material & Oils Consumed	9,632,399	6,979,763
Labour Charges	4,445,527	2,249,823
Job Work Charges	2,909,380	2,708,635
Machine Hire Charges	-	63,924
Freight, Clearing, Octroi & Cartage	874,477	1,430,419
Repairs & Maintanance :		
Plant & Machinery	1,039,496	1,233,649
Building	24,556	29,116
Others	296,232	246,756
Power & Fuel	24,131,906	17,547,614
Security Charges	679,479	665,395
Water Charges	876,246	572,036
Dyes & Chemicals	1,651,216	2,063,599
Factory Expenses	25,591	23,150
<b>TOTAL</b>	<u>46,586,505</u>	<u>35,813,879</u>
<b>SCHEDULE 15: PAYMENTS TO EMPLOYEES</b>		
Salaries & Wages	34,721,131	32,326,181
Staff Welfare	589,035	510,636
House Rent Allowance & Others	6,011,661	3,904,960
Employer's contribution to ESIC & PF.	3,239,565	3,021,718
Labour Compensation/Bonus	1,611,320	1,678,470
Personal Development Expenses	-	314,321
<b>TOTAL</b>	<u>46,172,712</u>	<u>41,756,286</u>

# Konark Synthetic Ltd.



PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2008-09 Amount (Rs.)	2007-08 Amount (Rs.)
<b>SCHEDULE 16: ADMINISTRATION &amp; SELLING EXP.</b>		
Electricity	409,520	450,000
Rent,Rates,Fees & Taxes	2,773,691	3,109,271
Printing & Stationery	602,346	492,975
Insurance	689,657	568,988
Postage Telegram	275,705	343,146
Telephone Expenses	1,069,915	1,132,669
Vehicle Expenses	374,490	409,199
Professional Fees / Legal Expenses	1,308,829	1,099,925
Guest House Expenses	21,700	94,842
Miscellaneous Expenses/General Expenses	448,684	489,474
Filling Fees	64,940	282,350
Stamp & Hundi Paper	1,043,920	182,104
Sales Tax Paid	15,494	-
Membership & Subscription	653,417	152,070
Director's Remuneration & Prequisites	1,780,690	1,684,704
Repairs & Maintenance	132,984	112,018
Auditor's Remuneration	220,600	224,720
Donation	42,000	55,001
Sample & Development Expenses	412,711	292,917
Travelling Expenses:		
Directors'	150,062	221,146
Others	333,880	307,709
Foreign Travelling	421,391	495,209
Conveyance Expenses	379,074	401,475
Export Freight	195,533	124,115
Export Clearing & Forwarding	373,937	52,492
Foreign Exchange Fluctuation	215	42,187
Outward Freight & Octroi	278,424	82,460
Sales Promotion Expenses	237,375	19,012
Marketing Expenses & Brokerage	1,147,480	1,404,006
Advertisement Expenses	44,693	149,703
<b>TOTAL</b>	<b>15,903,358</b>	<b>14,475,884</b>
<b>SCHEDULE 17: FINANCE EXPENSES</b>		
Interest on Term Loan	14,188,718	7,594,276
Interest on Working Capital	14,515,336	9,626,553
Interest on FCNR	233,077	1,190,845
Interest to Other	1,220,034	97,898
Bank Charges	5,141,708	1,305,654
Car Finance Charges	651,358	253,636
<b>TOTAL</b>	<b>35,950,231</b>	<b>20,068,862</b>



# Konark Synthetic Ltd.

---

## SCHEDULE 18: NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2009

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A. GENERAL

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

#### B. USE OF ESTIMATE

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

#### C. FIXED ASSETS

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

#### D. DEPRECIATION

- i) Depreciation on the fixed assets at Mumbai Office has been provided on written down value method, Depreciation on fixed assets located at Silvassa, Sarigam and Bangalore Units has been provided on straight line method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.
- ii) Depreciation on fixed assets addition/deletion during the year has been provided on pro-rata basis with reference to the day of addition/deletion.

#### E. 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.

#### F. INVESTMENT

Long-term investments are stated at the cost of acquisition. No provision has been made in Diminution of value of shares in view of long term.

#### G. TRANSACTIONS IN FOREIGN EXCHANGE

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

#### H. SALES & PURCHASE

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

#### I. EXPORT INCENTIVES

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



## J. GOVERNMENTS GRANTS

During the year company has received a sum of Rs. 34.69 Lacs towards the subsidy and the same has been adjusted from the Fixed Assets.

## K. EMPLOYEES RETIREMENT BENEFIT

Contribution to Provident Fund, ESIC and Leave Encashment benefits are charged to profit and loss account on actual basis. Gratuity and other retirement benefits have been recorded on cash basis.

## L. PROVISION FOR CURRENT AND DEFERRED TAX

Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income-tax Act, 1961.

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

## M. PROVISION, CONTINGENT LIABILITY AND CONTINGENT ASSETS

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

2. No provision for gratuity has been made during the year it will be accounted as and when paid Amounts are unascertained.
3. Contingent Liability (Certified by management)
  - i. The Banker of the Company has given Guarantee to various government Authorities amounting to Rs. 76.10 Lacs (P.Y.Rs.58.55 Lacs) for which the Company has given counter guarantee. Company has given margin money to banker amounting to Rs.31.28 Lacs (P.Y. Rs. 35.03 Lacs).
  - ii. The Income Tax Authority has raised a demand of Rs. 12.04 Lacs for the Assessment Year 2001-2002 for which the company has made the payment under protest but disputed & filed an appeal with Income Tax Appellate Tribunal (ITAT) Authority.
4. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated in the Balance Sheet realizable in the ordinary course of business. Sundry Debtors, Creditors & Advances are subject to reconciliation with parties.
5. The Company is eligible for 30% deduction under Sections 80IB of the Income Tax Act, 1961 (Tax Holidays benefit) on the profit earned by the Company from Unit No. IV and Unit V.

## 6. SCHEME OF AMALGAMATION:

Pursuant to the Scheme of Amalgamation of Konark Silk Mills Private Limited (KSMPL) and Excel Synthetic Private Limited (ESPL) with the Company u/s 391 to 394 of the Companies Act, 1956 as approved by the members at the Court convened meeting held on 3<sup>rd</sup> January, 2008 and subsequently sanctioned by Hon'ble High Court Judicature at Bombay, vide Order dated 2<sup>nd</sup> May, 2008. The said scheme has become effective from 20<sup>th</sup> May, 2008 upon filing of the certified true copies of the orders with the Registrar of Companies, Maharashtra. The appointed date for the said scheme of amalgamation was 1<sup>st</sup> April, 2007.

Accordingly, the Board of Directors at its meeting held on 29<sup>th</sup> March, 2009 issued and allotted the 35,40,000 Equity shares of Rs. 10/- each in the following manner:

In case of KSMPL 21,00,000 Equity shares of Rs. 10/- each credited as fully paid up in the Company in the ratio of 21 Equity shares of the Company for every 10 Equity shares held in the erstwhile KSMPL.



# Konark Synthetic Ltd.

In case of ESPL 14,40,000 Equity shares of Rs. 10/- each credited as fully paid up in the Company in the ratio of 9 Equity shares of the Company for every 5 Equity shares held in the erstwhile ESPL.

## 7. REDUCTION OF CAPITAL

Pursuant to the resolution passed under Section 78 and 100 to 104 of the Companies Act, 1956 at the Extra Ordinary General Meeting held on 8<sup>th</sup> September, 2008 the Company has applied to the Hon'ble High Court, Judicature at Bombay for reduction of issued and paid up share capital from Rs. 2,31,00,000/- to Rs. 2,26,80,000/- by cancellation of 42,000 (Forty Two Thousand) Equity Shares of Rs.10/- each which were issued and allotted to Mr. Paras Rajgharia at a price of Rs. 65/- (including premium of Rs.55/-) on preferential basis as per Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and to utilize an amount not exceeding Rs.2,310,000/- out of the balance standing in the share / Securities premium account of the Company as on 31<sup>st</sup> March, 2008 to payback the premium amount of Rs. 2,310,000/-.

The Hon'ble High Court, judicature at Bombay vide order dated 13<sup>th</sup> March, 2009 has approved the said reduction of share capital and utilization of share premium accounts, the said order has been filed with the Registrar of Companies, Maharashtra on 27<sup>th</sup> April, 2009 upon receipt of the certified true copy of the order.

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

### A. Quantitative Information (As certified by Management) (Quantity 000 Omitted except amounts and Rupees are in Lacs.)

	Unit	31 <sup>st</sup> March, 2009			31 <sup>st</sup> March, 2008		
		Quantity	Amount		Quantity	Amount	
i) Silvassa & Mumbai							
a) Opening Stock							
Yarn	KG.	427.062	537.15		* 350.574	515.06	
Fabric ( Traded)	Mtrs.	2.940	1.96		2.940	1.96	
b) Purchase (Traded)							
Fabrics	Mtrs.	1643.535	807.50		4819.573	3349.66	
Cotton Bales	KG.	0 000	0.00		83.608	50.31	
Production							
Yarn	KG.	980.142	-		1196.908	-	
Fabric	Mtrs.	2940.652	-		-	-	
c) Sales							
Yarn	KG.	1016.574	1379.46		1120.420	1322.24	
Fabrics Process	Mtrs.	2940.652	2393.62		-	-	
Fabrics (Traded)	Mtrs.	1643.535	909.96		4819.574	3566.92	
Imported Yarn	KG.	21.120	17.27		-	-	
Cotton Bales (Traded)	KG.	-	-		83.608	51.80	
d) Closing Stock							
Yarn	KG.	390.630	475.96		*427.062	537.15	
Fabrics (Traded)	Mtrs.	2.940	1.96		2.940	1.96	
e) Consumption-Imported							
Yarn Indigenous	KG.	980.218	100.00%	2970.35	1020.877	100.00%	844.63
Fabric Indigenous	Mtrs.	2957.643	100.00%	2180.29	-	-	-
Yarn		980.218	100.00%	2970.35	1020.877	100.00%	844.63
Fabric		2957.643	100.00%	2180.29	-	-	-
ii) Job work	KG.	--	--		117.401	29.35	

# Konark Synthetic Ltd.



		31 <sup>st</sup> March, 2009		31 <sup>st</sup> March, 2008	
		Quantity (Mtrs.)	Amount (Rs.)	Quantity (Mtrs.)	Amount (Rs.)
iii)	Fabric Division-Sarigam				
a)	Opening Stock	*156.761	200.28	*98.938	71.34
b)	Purchase Fabric (Traded Productions	145.525 1605.231	74.85 --	405.004 327.769	255.55 --
c)	Sales - Manufactured Traded	1605.834 145.525	1524.47 81.50	674.950 --	603.30 --
d)	Closing Stock	156.158	278.26	*156.761	200.28
e)	Consumption - Indigenous	KG. 1534.794 100.00%	1206.130	165.750 100.00%	188.89
		1534.794 100.00%	1206.130	165.750 100.00%	188.89

\* Includes Stock in Process

		31 <sup>st</sup> March, 2009		31 <sup>st</sup> March, 2008	
		Quantity (Pcs.)	Amount (Rs.)	Quantity (Pcs.)	Amount (Rs.)
iv)	Garments - Bangalore				
a)	Opening Stock	643	1.92	643	1.92
b)	Productions	111905	--	4574	--
c)	Sales	106290	363.84	4564	17.94
d)	Closing Stock Garments	6250	18.19	643	1.92
e)	Consumption of Fabric in Mtrs Indigenous	230.555 100.00%	129.93	29.678 100.00%	25.69
		230.555 100.00%	129.93	29.678 100.00%	25.69
f)	Job Work of Garmets	283973	187.28	378201	265.31

B.	Auditor's Remuneration	31 <sup>st</sup> March, 2009 (Rs.)	31 <sup>st</sup> March, 2008 (Rs.)
	For Audit Fees	150,000	150,000
	For Tax Audit Fees	50,000	50,000
	For Others	59,926	40,451
	Total	259,926	240,451
C.	Director's Remuneration & Perquisites		
	Remuneration & Allowance	1,428,000	1,512,000
	Perquisites	567,268	492,282
		1,995,268	2,004,282



# Konark Synthetic Ltd.

	31 <sup>st</sup> March, 2009 (Rs.)	31 <sup>st</sup> March, 2008 (Rs.)
D. Expenditure in Foreign Currency During the year		
a. For Capital Goods	281,736	1,216,722
b. For Raw Material	1,693,740	-
c. For Travelling	244,475	296,385
	<u>2,219,951</u>	<u>1,513,107</u>
E. Income in Foreign Currency during the year ( F.O.B. basis)	34,697,254	2,624,818
9. The components of deferred tax assets / liability as at 31st March, 2009 in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" are as under:		
	As at 31st March, 2009	As at 31st March, 2008
A. Deferred Tax Liability Due to Depreciation Difference	<u>4,266,727</u>	<u>5,225,663</u>
B. Deferred Tax Asstes		
Credit under u/s 43B & 40 (a)	(513957)	951,961
Unabsorbed Depreciation	(2341838)	1,309,393
MAT Credit available for the year	(939890)	1,129,810
Total	<u>(3795686)</u>	<u>3,391,164</u>
Net Deferred Tax Liability	8,062,413	1,834,499
10. As per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India, the disclosure of transactions with related parties as defined in the Accounting Standard are given below:		

## Related Party Disclosures

### Expenditure:

(Rs. In Lacs)

Name of the Party	Nature of Transaction	Amount Rs.	Outstanding Dr./Cr.
<b>Key Managerial Person</b>			
Mr. Prakashchand Dalmia	Remuneration	10.24	0.00
Mr. Amitabh Kejriwal	Remuneration	4.43	0.00
Mr. Shonit Dalmia	Remuneration	3.60	0.00
Mr. Pramod Kakrania	Remuneration	1.68	0.00
<b>Associates Concern</b>			
Konark Silk Mills	Office Rent	1.08	1.08 Cr.
S.J. Financial Services Pvt. Ltd.	Service Charges	0.56	0.13 Cr.
<b>Relative of Key Managerial Person</b>			
Smt. Raka Devi Dalmia	Rent	1.80	0.00
Miss. Shikha Dalmia	Salary	1.80	0.00
Miss. Smita Kejriwal	Salary	1.44	0.00

# Konark Synthetic Ltd.



## Unsecured Loans Taken:

(Rs.In Lacs)

Name of the Party	Op. Balance	Amount of Loan Taken	Amount of repayment of Loan	Outstanding Dr./Cr.
<b>Associates Concern</b>				
Fillmore Trading & Investment Pvt. Ltd.	74.75	43.00	117.75	0.00
Konark Realtech Pvt. Ltd	167.75	183.35	351.10	0.00
Konark Silk Mills	0.00	37.00	37.00	0.00

## Unsecured Loans Given :

(Rs.In Lacs)

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

## 11. Discloser as per the clause 32 of the Listing Agreement:

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

Name of the Party	Amount Outstanding as on 31st March, 2009 (Rs. In lacs)	Maximum Outstanding during the Year (Rs. In lacs)	Investment in Shares of the Company (No. of Shares)
<b>India Denim Limited</b>	198.50 (NIL)	198.50 (NIL)	5800000 (5800000)

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

As per our reports of even date attached

For and on behalf of the Board

**For BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

**PRAKASHCHAND DALMIA**  
Chairman & Managing Director

**AMITABH KEJRIWAL**  
Whole Time Director

**N. K. AGRAWAL**  
Partner  
Membership No. 34659

**SHONIT DALMIA**  
Whole Time Director

**MAHENDRA BAGARIA**  
Director

Place : Mumbai.  
Date : 30<sup>th</sup> June, 2009

**MAHENDRA AGARWAL**  
Director

**PUNIT M. DESAI**  
Director





# Konark Synthetic Ltd.

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>1. Registration Details:</b>	
Registration No	33451
State Code	11
Balance Sheet Date	31.03.2009
<b>2. Capital raised during the year (Rs. in Thousands)</b>	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
<b>3. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)</b>	
<b>Total Liabilities</b>	<b>741816</b>
<b>Total Assets</b>	<b>741816</b>
<b>Sources of Funds</b>	
Paid-Up Capital	58500
Reserve & Surplus	199045
Secured Loans	375954
Unsecured Loan	77403
Provision for deferred Tax	30914
<b>Application of Funds</b>	
Net Fixed Assets	442836
Investments	88707
Net Current Assets	210273
<b>4. Performance of Company (Rs. in Thousands)</b>	
Turnover (including other income)	695235
Total Expenditure	678338
Profit / (Loss) before tax & Extraordinary items	16897
Profit / (Loss) after tax	6242
Earning per share Basic	1.05
<b>5. Generic Names of Two Principle International Codes of the Company</b>	
Synthetic Multifold Yarn	5402.62
Home furnishing Fabric	6303.99
Readymade Garments	6203.42

For and on behalf of the Board

**PRAKASHCHAND DALMIA**  
Chairman & Managing Director

**AMITABH KEJRIWAL**  
Whole Time Director

**SHONIT DALMIA**  
Whole Time Director

**MAHENDRA BAGARIA**  
Director

**MAHENDRA AGARWAL**  
Director

**PUNIT M. DESAI**  
Director

Place : Mumbai  
Date : 30<sup>th</sup> June, 2009.

**DIRECTORS' REPORT TO SHAREHOLDERS**

Ladies and Gentlemen,

Your Directors have pleasure in presenting the 4<sup>th</sup> Annual Report of the Company along with the audited statement of accounts for the year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS**

(Rs. in Lakhs)

<b>PARTICULARS</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
Sales Turnover	<b>597.83</b>	<b>562.95</b>
Profit before interest, depreciation and tax	<b>105.51</b>	<b>38.74</b>
Less:		
Finance Expenses	<b>84.53</b>	<b>33.53</b>
Depreciation	<b>74.32</b>	<b>37.20</b>
<b>Loss before Tax</b>	<b>(53.34)</b>	<b>(31.99)</b>
<b>APPROPRIATIONS:</b>		
Fringe Benefit Tax	<b>0.65</b>	<b>0.62</b>
Provision for Deferred Tax	<b>Nil</b>	<b>13.51</b>
<b>TOTAL</b>	<b>(53.99)</b>	<b>(46.12)</b>

**REVIEW OF OPERATIONS**

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

**DIVIDEND**

In view of the loss incurred by the Company during this financial year, the Directors are not recommending any Dividend for the financial year ended 31<sup>st</sup> March, 2009

**DEPOSITS**

The company has not accepted any Fixed Deposit from Public under Section 58A of the Companies Act, 1956 and all the rules and procedures connected with the acceptance of deposits have been complied with fully.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of the requirement of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:

- That in the preparation of Annual Accounts, the applicable Accounting Standards have been followed;
- That 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 31<sup>st</sup> March, 2009 and of the loss of the Company for the year ended on that date.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the Annual Accounts on a going concern basis.

**DIRECTORS**

Shri Sachin Kejriwal retires at the forth coming Annual General Meeting and being eligible offer himself for re-appointment.

Shri R. B. Somany was appointed as additional Director by the Board on 29<sup>th</sup> April, 2009 and he retires at the forth coming Annual General Meeting and being eligible offer himself for re-appointment.

#### **AUDITORS**

M/s Raj K. Agarwal & Co, Chartered Accountants, the Auditors who has been appointed to hold office till the conclusion of this Annual General Meeting has given the necessary certificates envisaged under Section 224 (1B) of the Companies Act, 1956. They are entitled to be re-appointed.

#### **GENERAL**

There are no employees falling under Section 217 (2A) of the Companies Act, 1956.

#### **ACKNOWLEDGEMENT**

Your Directors wish to thank and record their appreciation to all the Bankers of the Company for their valuable financial support extended to the Company. Your Directors also wish to thank the suppliers and all others who have continued their support either directly or indirectly to the Company's growth and prosperity. Your Directors record their appreciation of the co-operation and contribution made by the employees at all levels towards the progress of the Company.

**By Order of the Board**  
For INDIA DENIM LIMITED

Place: Ahmedabad  
Date: 1<sup>st</sup> July, 2009

**PRAKASHCHAND DALMIA**  
Chairman

**SAJJAN KEJRIWAL**  
Managing Director

**ANNEXURE TO THE DIRECTORS' REPORT**

Information pursuant to the Companies (Disclosure of particulars in the Report of Board of Directors') Rules, 1988

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

	<b>2008-2009</b>	<b>2007-2008</b>
A) Power and Fuel Consumption		
1. Electricity~		
a) Purchased Unit (KWH)	2535048	2216272
Total Amount (in Lakhs)	145.40	112.53
Rate/Unit (Rs.)	5.73	5.08
Purchased Unit (KWH) (Trial Production)	-	1740096
Total Amount (in Lakhs)	-	83.79
Rate/Unit (Rs.)	-	4.82
B) Consumption per unit of production standards (if any) Products - <b>NOT APPLICABLE</b>		
Cotton Yarn (Kgs)		
Consumption (units)		

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

No research and development is pursued as the company is new.

**Technology absorption, adoption and innovation**

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

### **AUDITORS' REPORT**

1. We have audited the attached Balance Sheet of **M/S INDIA DENIM LIMITED**, Ahmedabad, as at 31<sup>st</sup> March, 2009 and the relative Profit and Loss Account of the company for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Government of India in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of account as required by the law have been kept by the company so far as appears from our examination of those books.
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of Accounts.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report have been prepared, in all material respects, in compliance with the Accounting standards referred to in sub-section (3c) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representations received from all the directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes thereon and attached thereto given in the prescribed manner the information required by the Companies Act, 1956 and together with the Cash Flow Statement also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) In the case of Balance Sheet, of the state of affairs of the company as on 31<sup>st</sup> March, 2009.
    - (ii) In the case of Profit and Loss Account, of the loss of the company for the year ended on that date.

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

Place : Ahmedabad  
Date : 1<sup>st</sup> July, 2009

**RAJENDRAKUMAR AGARWAL**  
Proprietor  
Membership No.70635

### **ANNEXURE REFERRED TO THE AUDITORS' REPORT**

(Referred to in paragraph (3) of our report of even date on the financial statements for the year ended 31<sup>st</sup> March, 2009 to the members of India Denim Limited)

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

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

11. On the basis of the records examined by us and the information and explanations given to us, the Company has not paid its repayment & Interest of its dues of March 2009 of Rs. 38.88 Lacs (Previous Year Rs. 33.24 Lacs) to the financial institutions / banks.
12. As explained to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a Nidhi / mutual benefit fund society. Therefore, the provisions of clause (xiii) of the Companies (Auditors' Report) Order, 2003, are not applicable to the Company.
14. On the basis of records examined by us, the Company has not traded in shares, securities, debentures or other investments. Therefore Clause (xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company
15. According to the information and explanations given to us, the Company has not granted any guarantee for loans taken by employees from banks and financial institutions.
16. On the basis or review of utilization of funds on an overall basis, in our opinion, the term loans taken by the Company were applied for the purposes for which the loans were obtained.
17. According to the information and explanations given and on an overall examination of the Balance sheet of the Company, no funds raised on short-term basis have been used for long-term investments by the Company.
18. The Company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any debentures.
20. The Company has not raised funds through public.
21. During the course of our examination of the books of accounts, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have not come across any instance of fraud on or by the Company nor have been informed by the management of any such instance being noticed or reported during the year.

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

Place : Ahmedabad  
Date : 1<sup>st</sup> July, 2009

**RAJENDRAKUMAR AGARWAL**  
Proprietor  
Membership No.70635

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009**

<b>PARTICULARS</b>	<b>SCH. NO</b>	<b>As At 31.03.2009 Amount (Rs.)</b>	<b>As At 31.03.2008 Amount (Rs.)</b>
<b>SOURCES OF FUNDS :</b>			
Share Capital	1	141,579,000	137,559,000
Reserves & Surplus	2	-	-
<b>LOAN FUNDS</b>			
Secured Loans	3	226,301,380	214,732,948
Unsecured Loan	4	49,220,838	19,709,000
<b>DEFFERED TAX LIABILITY</b>		1,350,966	1,350,966
<b>TOTAL</b>		<b>418,452,184</b>	<b>373,351,914</b>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	124,344,600	124,290,000
Less : Depreciation		11,642,157	4,209,617
Net Block		112,702,443	120,080,383
Capital Work In Progress		264,853,375	239,614,427
<b>INVESTMENTS</b>	6	-	-
<b>CURRENT ASSETS LOANS AND ADVANCES:</b>	7		
Inventories		18,479,399	4,327,923
Sundry Debtors		10,381,901	1,898,514
Cash and Bank Balanes		10,185,340	9,721,571
Loans and Advances		41,683,626	32,260,043
		80,730,266	48,208,051
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>	8		
Current Liabilities		49,885,461	39,284,438
Provisions		123,270	61,802
<b>NET CURRENT ASSETS</b>		30,721,535	8,861,811
<b>MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)	9	162,560	182,880
<b>PROFIT &amp; LOSS ACCOUNT</b>		10,012,271	4,612,413
<b>TOTAL</b>		<b>418,452,184</b>	<b>373,351,914</b>
<b>NOTES TO THE ACCOUNTS</b>	18		

For and on behalf of the Board

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

**PRAKASHCHAND DALMIA**  
Chairman

**SAJJAN KEJRIWAL**  
Managing Director

**RAJENDRAKUMAR AGRAWAL**  
Proprietor  
Membership No. 70635

Place : Ahmedabad  
Date : 1st July, 2009



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

PARTICULARS	SCH. NO	CURRENT YEAR 2008-09 Amount (Rs.)	PREVIOUS YEAR 2007-08 Amount (Rs.)
<b>INCOME</b>			
Sales	10	59,782,819	56,295,060
Other Income	11	1,026,874	528,250
Increase/(Decrease) in Stock	12	9,571,430	(346,213)
<b>TOTAL</b>		<b>70,381,123</b>	<b>56,477,097</b>
<b>EXPENDITURE</b>			
Cost of Goods Consumed	13	44,669,804	41,732,880
Manufacturing Expenses	14	7,436,015	5,548,984
Payment to Employees	15	4,075,250	2,343,191
Administration & Selling Expenses	16	3,628,948	2,958,215
Finance Expenses	17	8,452,660	3,352,739
Depreciation	5	7,432,540	3,720,413
Preliminary Expenses W/off	9	20,320	20,320
<b>TOTAL</b>		<b>75,715,537</b>	<b>59,676,742</b>
<b>PROFIT / (LOSS ) FOR THE YEAR</b>		<b>(5,334,414)</b>	<b>(3,199,645)</b>
<b>PROVISION FOR TAXATION</b>			
For Income Tax		-	-
For Deferred Tax		-	1,350,966
For Fringe Benefit Tax		65,444	61,802
<b>PROFIT AFTER TAX</b>		<b>(5,399,858)</b>	<b>(4,612,413)</b>
Balance As per Last Year's Balance Sheet		(4,612,413)	-
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>(10,012,271)</b>	<b>(4,612,413)</b>
<b>NOTES FORMING PART OF ACCOUNTS</b>	18		

**For and on behalf of the Board**

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

**PRAKASHCHAND DALMIA**  
Chairman

**SAJJAN KEJRIWAL**  
Managing Director

**RAJENDRAKUMAR AGRAWAL**  
Proprietor  
Membership No. 70635

Place : Ahmedabad  
Date : 1st July, 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

( Amount in Rs.)

Particulars	31st MARCH, 2009		31ST MARCH, 2008	
<b>A Cash flow from operating activities</b>				
Net Profit before tax & Extra Ordinary Items		(5334414)		(3199645)
Depreciation	7432540		3720413	
Interest Expenses	8452660		5219037	
Interest Received	(816099)		(216478)	
Loss on Sale of Fixed Assets	-		-	
Preliminary Exp. Written Off	20320		20320	
		15089421		8743292
Operating Profit before working capital changes		9755007		5543647
<b>ADJUSTMENT FOR :-</b>				
Decrease / (Increase) In Trade Receivables	(8483387)		(1507084)	
Decrease / (Increase) In Inventories	(14151476)		(1058998)	
(Decrease) / Increase In Loans And Advances	(9390551)		(16286857)	
(Decrease) / Increase In Working Capital Finance	17334290		-	
(Decrease) / Increase In Trade Payables	10601023	(4090101)	16596926	(2256013)
<b>Cash Generated From Operations</b>		5664906		3287634
Direct Tax Paid (Net of Refund)	(37008)	(37008)	(61802)	(61802)
<b>Net Cash From Operating Activities</b>		5627898		3225832
<b>B Cash Flow From Investing Activities</b>				
Increase / Decrease In Fixed Assets	(54600)		(121131852)	
Increase / Decrease In Capital Work In Progress	(25238948)		72970220	
Interest Received	816099		216478	
<b>Net Cash From Investing Activities</b>		(24477449)		(47945154)
<b>C Cash Flow From Financing Activities</b>				
Proceeds From Issuance Of Equity Shares	-		54959000	
Proceeds From Share Application	4020000		(6511000)	
Proceeds/Repayment of Long Term Borrowings (Net of Repayment)	(5765858)		(1662559)	
Proceeds From Unsecured Loans	29511838		5154000	
Interest Paid	(8452660)		(5219037)	
<b>Net Cash From Financing Activities</b>		19313320		46720404
<b>Net Change In Cash And Cash Equivalents (A+B+C)</b>		463769		2001082
<b>Cash And Cash Equivalents - Opening Balance</b>		9721571		7720489
<b>Cash And Cash Equivalents - Closing Balance</b>		10185340		9721571

For and on behalf of the Board

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

**PRAKASHCHAND DALMIA**  
 Chairman

**SAJJAN KEJRIWAL**  
 Managing Director

**RAJENDRAKUMAR AGRAWAL**  
 Proprietor  
 Membership No. 70635

 Place : Ahmedabad  
 Date : 1st July, 2009

**SCHEDULES TO THE ACCOUNTS**

<b>PARTICULARS</b>	<b>AS AT 31.03.2009 AMOUNT (Rs.)</b>	<b>AS AT 31.03.2008 AMOUNT (Rs.)</b>
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
10500000 Equity Shares of Rs. 10/- each. (Last Year 10500000 Equity Shares)	<b>105,000,000</b>	105,000,000
<b>ISSUED &amp; SUBSCRIBED PAID UP CAPITAL</b>		
1,04,05,900 Equity Shares of Rs. 10/- each Fully Paid up. (Last year 1,04,05,900 equity shares )	<b>104,059,000</b>	104,059,000
<b>SHARE APPLICATION MONEY</b>	<b>37,520,000</b>	33,500,000
<b>TOTAL</b>	<b>141,579,000</b>	<b>137,559,000</b>
<b>SCHEDULE 2: RESERVE &amp; SURPLUS</b>	-	-
<b>SCHEDULE 3: SECURED LOANS</b>		
<b>I. TERM LOAN</b>		
Bank of Baroda	<b>25,861,296</b>	26,356,431
State Bank of India	<b>134,932,821</b>	136,513,279
State Bank of Indore	<b>18,778,669</b>	21,173,696
Punjab National Bank	<b>17,016,997</b>	17,267,966
State Bank of Travancore	<b>12,377,307</b>	13,178,708
<b>II. WORKING CAPITAL LOAN</b>		
State Bank of India- Cash Credit (HYP) & Book Debts	<b>12,268,694</b>	-
State Bank of India LC Discounting	<b>5,065,596</b>	-
<b>III. OTHER SECURED LOAN</b>		
Against Hypothecation of Motor Car	-	242,868
<b>TOTAL</b>	<b>226,301,380</b>	<b>214,732,948</b>
<b>SCHEDULE 4: UNSECURED LOAN</b>		
Inter-corporate Loan	<b>28,478,838</b>	870,000
From Directors & Others	<b>20,742,000</b>	18,839,000
<b>TOTAL</b>	<b>49,220,838</b>	<b>19,709,000</b>

**Notes :**

1. a Term Loan from BOB, SBI, SBIN, PNB & SBT are secured by first charge ranking pari-passu on all immovable properties (Equitable mortgage of deposit of title deed ) both present and future and first charge by way of hypothecation of all movable properties including movable plant & machinery, tools and accessories and other movable present and future (save and except stock & Book Debts). Second charge by way of Hypothecation on the stock of Raw Material, Semi-Finished, Finished Goods, Stores & Spares, Packing Material, consumables & Book Debts.
2. All working Capital Loans are secured by Hypothecation on the stock of raw materials, semi-finished, finished goods, stores & spares, packing material, Consumables & Book Debts and second charge on Land & Building and Plant & Machinery of the Company.
3. All above Loans are personally guaranteed by Directors & Promoters.

**SCHEDULE - 5 FIXED ASSETS**  
**STATEMENT OF FIXED ASSETS & DEPRECIATION AS PER COMPANY'S ACT AS ON 31.03.2009**  
(Amount in Rs.)

SR. NO.	PARTICULARS	RATE OF DEP. (%)	GROSS BLOCK		TOTAL AS ON 31.3.2009	DEPRECIATION		TOTAL AS ON 31.3.2009	NET BLOCK	
			AS ON 1.4.2008	ADDITION		UPTO 31.03.2008	During the Year		AS ON 31.3.2009	AS ON 31.03.2008
1	LAND & SITE DEVELOPMENT		9,238,461	-	9,238,461	-	-	-	9,238,461	9,238,461
2	ROAD & BUILDING	3.34%	28,728,741	-	28,728,741	481,084	959,540	1,440,624	27,288,117	28,247,657
3	PLANT & MACHINERY	7.42%	83,221,232	-	83,221,232	3,110,225	6,175,016	9,285,241	73,935,991	80,111,007
4	VEHICLES	9.50%	1,576,978	17,600	1,594,578	354,011	151,453	505,464	1,089,114	1,222,967
5	FURNITURE & FIXTURES	6.33%	881,263	-	881,263	81,365	55,784	137,149	744,114	799,898
6	OFFICE EQUIPMENT	4.75%	147,078	-	147,078	10,505	6,986	17,491	129,587	136,573
7	COMPUTER	16.21%	496,247	37,000	533,247	172,427	83,761	256,188	277,059	323,820
	<b>GRAND TOTAL</b>		124,290,000	54,600	124,344,600	4,209,617	7,432,540	11,642,157	112,702,443	120,080,383
	PREVIOUS YEAR		3,017,004	121,272,996	124,290,000	348,060	3,861,557	4,209,617	120,080,383	2,668,944

PARTICULARS	AS AT 31.03.2009 AMOUNT (Rs.)	AS AT 31.03.2008 AMOUNT (Rs.)
<b>SCHEDULE 6: INVESTMENT</b>	-	-
<b>SCHEDULE 7: CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>INVENTORIES</b>		
i) Raw Materials	5,077,450	696,497
ii) Process Stock	11,821,718	2,445,618
iii) Finished Goods	1,266,991	1,071,661
iv) Packing Material and Stores & Spares	313,240	114,147
<b>TOTAL</b>	<b>18,479,399</b>	<b>4,327,923</b>
<b>SUNDRY DEBTORS</b>		
i) Over Six months	-	118,924
ii) Others	10,381,901	1,779,590
<b>TOTAL</b>	<b>10,381,901</b>	<b>1,898,514</b>
<b>CASH &amp; BANK BALANCES</b>		
i) Cash in hand	1,066,586	759,989
ii) <b>WITH SCHEDULE BANK</b>		
In Fixed Deposits	8,945,000	8,450,000
In Current Accounts	173,754	511,582
<b>TOTAL</b>	<b>10,185,340</b>	<b>9,721,571</b>
<b>LOANS AND ADVANCES</b>		
(Unsecured and Considered Good)		
ii) Deposits with Govt. & Others*	31,501,272	21,830,818
iii) Advances recoverable in cash or in kind or for value to be received		
- Advances To Supplier (capital Procurements)	9,523,773	9,523,773
- Advances To Supplies (others)	658,581	905,452
	<b>41,683,626</b>	<b>32,260,043</b>
<b>SCHEDULE 8: CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
i) Sundry Creditors		
- For Capital Goods & Expenses	12,687,343	15,012,422
- For Supplies	18,303,502	14,210,640
ii) Others Liabilities	18,894,616	10,061,376
<b>TOTAL</b>	<b>49,885,461</b>	<b>39,284,438</b>
<b>PROVISIONS</b>		
i) Provision for Taxation	-	-
ii) Provision for Fringe Benefit Tax	123,270	61,802
<b>TOTAL</b>	<b>123,270</b>	<b>61,802</b>
<b>TOTAL</b>	<b>50,008,731</b>	<b>39,346,240</b>
<b>SCHEDULE 9 : MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Incorporation Expenses	182,880	203,200
Less Written off during the year	20,320	20,320
<b>TOTAL</b>	<b>162,560</b>	<b>182,880</b>

<b>PARTICULARS</b>	<b>CURRENT YEAR 2008-09 AMOUNT (Rs.)</b>	<b>PREVIOUS YEAR 2007-08 AMOUNT (Rs.)</b>
<b>SCHEDULE 10 : SALES</b>		
Sales of Cotton Yarn	57,128,134	52,728,612
Sales of Cotton Sliver	333,919	1,759,701
Sales of Cotton Waste	2,320,766	1,806,747
<b>TOTAL</b>	<b>59,782,819</b>	<b>56,295,060</b>
<b>SCHEDULE 11 : OTHER INCOME</b>		
Scrap Sales	210,775	311,772
Interest Received on F.D.R.	816,099	216,478
	-	-
<b>TOTAL</b>	<b>1,026,874</b>	<b>528,250</b>
<b>SCHEDULE 12: INCREASE/ (DECREASE) IN STOCK</b>		
<b>Closing Stock</b>		
Work in Process	11,821,718	2,445,618
Finished Goods	1,266,991	1,071,661
<b>TOTAL</b>	<b>13,088,709</b>	<b>3,517,279</b>
<b>Less: Opening Stock</b>		
Work in Process	2,445,618	1,454,177
Finished Goods	1,071,661	2,409,315
<b>TOTAL</b>	<b>3,517,279</b>	<b>3,863,492</b>
	<b>9,571,430</b>	<b>(346,213)</b>
<b>SCHEDULE 13 : RAW MATERIAL CONSUMED</b>		
Purchases & Expenses	49,050,757	42,131,427
Add: Opening Stock	696,497	297,950
Less: Closing Stock	5,077,450	696,497
<b>TOTAL</b>	<b>44,669,804</b>	<b>41,732,880</b>
<b>SCHEDULE 14: MANUFACTURING EXPENSES</b>		
Packing Material Consumed	845,975	1,070,512
Repairs & Maintenance :		
- Plant & Machinery	470,307	398,566
- Others	59,421	14,892
Power & Fuel	5,943,771	3,938,462
Security Charges	22,357	55,850
Factory Expenses	94,184	70,702
<b>TOTAL</b>	<b>7,436,015</b>	<b>5,548,984</b>

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	2008-09 Amount (Rs.)	2007-08 Amount (Rs.)
<b>SCHEDULE 15: PAYMENTS TO EMPLOYEES</b>		
Salary & Wages	3,374,499	2,028,110
Welfare Expenses	29,782	4,974
Leave Encashment	182,173	56,526
Employer's Contribution to P.F.etc.	62,581	49,361
Mess / Canteen Expenses	92,662	79,351
Shift Transportation	333,553	124,869
<b>TOTAL</b>	<b>4,075,250</b>	<b>2,343,191</b>
<b>SCHEDULE 16: ADMINISTRATIVE &amp; SELLING EXPENSES</b>		
Advertisement Expenses	-	1,123
Donation	22,000	23,200
Electricity Expenses	78,201	36,129
Festival & Pooja Expenses	53,221	37,264
Insurance	237,197	89,409
Internal Audit Fees & Expenses	30,000	15,000
Legal, Professional & Consultancy Charges	145,662	88,372
Membership & Subscription	3,500	3,431
Miscellaneous Expenses	72,723	70,994
Printing, Stationery & Computer Exp.	88,112	80,516
Postage, Telegram & Telephone Exp.	161,160	116,132
Rates, Taxes & Licence Fees	58,297	31,800
Rent	332,122	82,000
Repairing & Maint. - Motor Car	155,198	67,761
Scooter / Motorcycle Expenses	16,041	11,534
Statutory Audit Fees & Expenses	20,000	10,000
Travelling & Motor Vehicle Expenses	454,808	253,700
Sample Exp.	113	-
Cash & Trade Discount	687,601	1,078,235
Brokerage & Commission	13,489	117,336
Carriage Outwards & Octroi	999,503	744,279
<b>TOTAL</b>	<b>3,628,948</b>	<b>2,958,215</b>
<b>SCHEDULE 17: FINANCE EXPENSES</b>		
Interest on Term Loan	6,690,793	2,656,066
Interest on Working Capital	277,178	76,999
Interest to Others	913,578	430,409
Bank & Other Charges	571,111	189,265
<b>TOTAL</b>	<b>8,452,660</b>	<b>3,352,739</b>

**SCHEDULE -18 :****NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2009.****A. SIGNIFICANT ACCOUNTING POLICIES****(a) BASIS OF ACCOUNTING**

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

**(b) INVENTORIES**

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

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

**(c) FIXED ASSETS**

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

**(d) DEPRECIATION**

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

**(e) IMPAIRMENTS OF ASSETS**

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

**(f) INVESTMENTS**

No investments.

**(g) RETIREMENT BENEFITS**

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

**(h) FOREIGN CURRENCY TRANSACTIONS**

Transactions arising in foreign currency for spares and fixed assets and for exports during the year are converted at exchange rates prevailing on the date of transaction.

**(i) INTEREST ON BORROWINGS**

Borrowings cost is charged to the Profit and loss account for the year in which it is incurred except for capital assets which is not capitalized till the date the asset is put to commercial use.

**(j) TAXES ON INCOME**

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



**(k) MISCELLANEOUS EXPENDITURE**

Preliminary expenses are amortized over a period of 10 years.

**(l) CONTINGENT LIABILITIES**

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

**(m) INCOME TAX**

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

**B. OTHER NOTES ON ACCOUNTS**

(1) Secured loans from Banks have been guaranteed by the Director of the Company. No guarantee commission has been paid to any director in this connection.

(2) Contingent liabilities not provided for in the accounts:

Estimated amount of Contracts remaining to be executed on capital accounts - Rs. 921.08 Lacs (Previous year Rs. 921.08 Lacs), Advance given Rs. 95.24 (Previous years Rs. 95.24 Lacs).

(3) i) In the opinion of the Board of Directors, Current Assets, Loans and Advances will fetch the amount stated, if realized in the normal course of business.

ii) The balance due to / due from parties and loans and advances are subject to confirmation.

(4) The provision for all liabilities is neither inadequate nor more than what is reasonably necessary.

(5) Transactions of Related Parties (AS 18)

(Rs. in Lacs)

PARTICULARS	ASSOCIATES	KEY MANAGEMENT	RELATIVES OF KEY MANAGEMENT PERSONNEL	TOTAL
	31.03.2009	31.03.2009	31.03.2009	31.03.2009
FOR SERVICES				
<b>FINANCE</b>				
a) Loans accepted	69.59	15.90	2.63	88.12
b) Salary	-	2.40	5.70	8.10
c) Rent	-	1.56	-	1.56
d) Purchase	-	-	-	-
<b>OUTSTANDING BALANCE</b>				
Debits	-	-	-	-
Credits	53.80	-	-	53.80

**Associates Concern**

- 1 Konark Synthetic Ltd.
- 2 Ambica Taptex (Pvt.) Ltd.
- 3 Pratibha Syntex Ltd.

**Relative Key Management**

- 1 Indu Kejriwal

- 2 Manju Kejriwal
- 3 Preeti Kejriwal
- 4 Savitridevi Kejriwal
- 5 Shikha Kejriwal
- 6 Shilpa Kejriwal
- 7 Ronak Kejriwal

**Key Management**

- 1 Shri Prakashchand Dalmia
- 2 Shri Sajjan Kejriwal
- 3 Shri Sushil Kejriwal
- 4 Shri Amitabh Kejriwal
- 5 Shri Sachin Kejriwal

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

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

(7) Breakup of Audit Fees	<b>2008-09</b>	<b>2007-08</b>
For Statutory Audit	<b>20,000</b>	20,000
For Tax Audit	<b>10,000</b>	10,000
In other capacity	<b>11,000</b>	74,000

- (8) Statistical information

	<b>2008-2009</b>		<b>2007-2008</b>	
(a) Capacity	<b>Not Applicable</b>		<b>Not Applicable</b>	
i) Licensed (Rotors/ Spindles/ Looms/Processing Capacity)				
ii) Installed				
- Rotors (Nos)	<b>288</b>		288	
- Spindles (Nos)	<b>6048</b>		6048	
	<b>Qty.</b>	<b>Value</b>	<b>Qty.</b>	<b>Value</b>
	<b>Kgs.</b>	<b>Rs.in Lacs</b>	<b>Kgs.</b>	<b>Rs.in Lacs</b>
(b) Turnover				
i) Cotton yarn (Kgs)	<b>611813</b>	<b>574.62</b>	696743	544.88
ii) Waste (Kgs)	<b>110928</b>	<b>23.21</b>	84469	18.06
(c) Raw materials Consumed				
i) Cotton and Cotton Waste (Kgs)	<b>691568</b>	<b>446.70</b>	802267	417.33
(d) Production				
i) Cotton Yarn (Kgs)	<b>612597</b>	-	676328	-
ii) Waste (Kgs)	<b>71523</b>	-	102654	-
(e) Stock				
i) Raw Materials - Cotton and Cotton Waste (Kgs)				
Opening Stock	<b>11621</b>	<b>6.96</b>	5050	2.98
Closing Stock	<b>86604</b>	<b>50.77</b>	11621	6.96
ii) Finished Goods Yarn (Kgs)				
Opening Stock	<b>12543</b>	<b>10.72</b>	32958	24.09
Closing Stock	<b>13327</b>	<b>12.67</b>	12543	10.72
iii) Semi Finished Goods Yarn (Kgs)				
Opening Stock	<b>71140</b>	<b>24.46</b>	41412	11.54
Closing Stock	<b>144804</b>	<b>118.22</b>	71140	24.46

(f) Value and percentage of imported and indigenous raw materials and stores consumed				
i) Raw materials				
- Indigenous	100%	446.70	100%	417.33
- Imported	Nil	Nil	Nil	Nil
ii) Packing materials				
- Indigenous	100%	8.46	-	10.71
- Imported	Nil	-	Nil	-
(g) I CIF Value of Imports				
i) Capital Goods	-	-	-	39.30
ii) On Stores Spares	-	-	-	0.89
II Expenditure in Foreign Currency				
i) On Business Travel	-	-	-	-
III Earnings in Foreign Exchange				
i) FOB Value of Exports	-	-	-	-

- (9) Previous year figures have been regrouped / rearranged wherever necessary to make there comparable with those of the current year.
- (10) The Company has eligible for 5% TUFS Interest Subsidy.
- (11) During the year under review company has not received any disbursement of Term Loan Hence the capitalization of installed capacity was low at 40%, The Company got the working capital from State Bank of India as stand alone documents in January, 2009 hence utilization improve up to 40%.
- (12) Information Pursuant to the Provisions of Part IV of Schedule of the Companies Act, 1956.  
Balance Sheet Abstract & Company's General Business Profil

**For and on behalf of the Board**

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

**PRAKASHCHAND DALMIA**  
Chairman

**SAJJAN KEJRIWAL**  
Managing Director

**RAJENDRAKUMAR AGRAWAL**  
Proprietor  
M. No. 70635

Place : Ahmedabad  
Dated : 1<sup>st</sup> July, 2009

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

<b>1. Registration Details:</b>	
Registration No	U17110GJ2005PLC46159
State Code	04
Balance Sheet Date	31.03.2009
<b>2. Capital raised during the year (Rs. in Thousands)</b>	
Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL
<b>3. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)</b>	
<b>Total Liabilities</b>	<b>418952</b>
<b>Total Assets</b>	<b>418952</b>
<b>Sources of Funds</b>	
Paid-Up Capital	104059
Share Application	57370
Reserve & Surplus	-
Secured Loans	226301
Unsecured Loan	29871
Provision for deferred Tax	1351
<b>Application of Funds</b>	
Net Fixed Assets	377556
Investments	-
Net Current Assets	31222
Miscellaneous Expenditure	162
Accumulated Losses	10012
<b>4. Performance of Company (Rs. in Thousands)</b>	
Turnover (including other income)	73943
Total Expenditure	79277
Profit / (Loss) before tax & Extraordinary items	(5334)
Profit / (Loss) after tax	(5399)
Earning per share Basic	(0.51)
Earning per share Diluted	(0.51)
<b>5. Generic Names of Two Principle International Codes of the Company</b>	
Cotton Yarn (Not Sewing thread) 85% or	5205.00
More cotton, not retail	

**For and on behalf of the Board**
**Vide our report of Even Date**  
**For Raj K. Agrawal & Co.,**  
Chartered Accountants

**PRAKASHCHAND DALMIA**  
Chairman

**SAJJAN KEJRIWAL**  
Managing Director

**RAJENDRAKUMAR AGRAWAL**  
Proprietor  
M. No. 70635

Place : Ahmedabad  
Dated : 1<sup>st</sup> July, 2009



# Konark Synthetic Ltd.

---

## AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To The Members,  
Konark Synthetic Limited,  
Mumbai.

We have audited the attached Consolidated Balance Sheet of **KONARK SYNTHETIC LIMITED** and as at 31<sup>st</sup> March, 2009, the Consolidated Profit & Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto.

The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiary Company M/s. India Denim Limited, these Financial Statements and the other financial information have been audited by Auditors' M/s Raj K. Agarwal & Co., Chartered Accountants, Ahmedabad, whose audit report has been furnished to us, and our opinion is based solely on the report of the said Auditors. The said subsidiary is having the Total Assets of Rs. 4684.61 Lacs, Total Revenue of Rs. 597.83 Lacs and Net Cash inflow amounting to Rs. 4.64 Lacs.

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

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

- i. in case of Consolidated Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2009;
- ii. in the case of Consolidated Profit & Loss Account of the Profit for the year ended on that date ; and
- iii. In the case of the consolidated cash flow statement, of the cash flow of the Company for the year ended on that date.

For **BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

Place: Mumbai.  
Date: 28<sup>th</sup> August, 2009

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

# Konark Synthetic Ltd.



## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2009 Amount (Rs.)	AS AT 31.03.2008 Amount (Rs.)
<b>SOURCES OF FUNDS</b>			
a) Share Capital	1	58,500,000	23,100,000
b) Share Application Money		7,020,000	30,00,000
c) Reserves & Surplus	2	193,463,537	190,231,003
d) Suspense Account		-	35,400,000
<b>Loan Funds</b>			
Secured Loans	3	602,255,755	522,312,110
Unsecured Loan	4	106,774,157	72,060,630
Minority Interest		41,627,569	44,017,546
Provision for Deferred Taxation		32,265,102	24,202,690
<b>TOTAL</b>		<b>1,041,906,120</b>	<b>914,323,979</b>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
a) Gross Block	5	573,639,211	526,229,757
b) Less : Depreciation		141,123,962	115,731,096
c) Net Block		432,515,249	410,498,661
d) Capital Work In Progress		387,876,992	283,655,922
Investment (at cost)	6	207,100	205,100
<b>Current Assets Loans and Advances</b>	7		
a) Inventories		117,793,556	100,726,564
b) Sundry Debtors		317,205,188	207,690,576
c) Cash and Bank Balances		20,291,583	19,898,209
d) Loans and Advances		100,161,762	83,393,884
		555,452,088	411,709,233
<b>Less : Current Liabilities and Provisions</b>			
a) Current Liabilities	8	331,780,122	190,496,428
b) Provisions		2,527,748	1,431,389
Net Current Assets		221,144,219	219,781,416
Miscellaneous expenditure (to the extent not written off or adjusted)	9	162,560	182,880
<b>TOTAL</b>		<b>1,041,906,120</b>	<b>914,323,979</b>
NOTES TO THE ACCOUNTS	18		

As per our reports of even date attached

For and on behalf of the Board

**For BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

**PRAKASHCHAND DALMIA**  
Chairman & Managing Director

**AMITABH KEJRIWAL**  
Whole Time Director

**N. K. AGRAWAL**  
Partner  
Membership No. 34659  
Place : Mumbai.  
Date : 28<sup>th</sup> August, 2009

**SHONIT DALMIA**  
Whole Time Director

**MAHENDRA BAGARIA**  
Director

**MAHENDRA AGARWAL**  
Director

**PUNIT M. DESAI**  
Director



# Konark Synthetic Ltd.

## CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

PARTICULARS	SCHEDULE NO.	CURRENT YEAR 2008-09 Amount (Rs.)	PREVIOUS YEAR 2007-08 Amount (Rs.)
<b>INCOME</b>			
<b>Gross Sales</b>			
- Domestic (Incl. Operational Income)		703,452,433	631,634,015
- Export		34,894,405	2,769,999
		<u>738,346,838</u>	<u>634,404,014</u>
Less: Excise Duty		250,740	433,033
<b>Net Sales</b>		<u>738,096,098</u>	<u>633,970,981</u>
Management Consultancy Services		3,500,000	7,500,000
Other Incomes	10	8,598,054	4,552,700
Increase/(Decrease) in Stock	11	15,422,668	16,788,039
<b>TOTAL</b>		<u>765,616,820</u>	<u>662,811,720</u>
<b>EXPENDITURE</b>			
Cost of Goods Consumed	12	470,606,883	142,266,882
Cost of Goods Sold	13	88,236,025	365,551,595
Manufacturing Expenses	14	54,022,520	41,292,161
Payment to Employees	15	50,247,962	44,099,477
Administration & Selling Expenses	16	19,552,626	17,525,123
Finance Expenses	17	44,402,891	25,287,899
loss on sale of Plant & Machinery		281,239	48,469
Depreciation	5	26,836,200	19,940,669
Excise Duty		(132,531)	(243,969)
<b>TOTAL</b>		<u>754,053,814</u>	<u>655,768,304</u>
<b>PROFIT FOR THE YEAR</b>		<u>11,563,007</u>	<u>7,043,416</u>
Provision For Current Tax@11.33%		1,914,478	1,150,000
Add : Deferred Tax Liabilities		8,062,413	3,185,465
Fringe Benefit Tax		555,444	343,191
<b>PROFIT AFTER TAX</b>		<u>1,030,672</u>	<u>2,364,760</u>
Add : Share of Loss of Minority interest		2,389,977	2,041,454
<b>TOTAL</b>		<u>3,420,649</u>	<u>4,406,213</u>
Prior Period Adjustments		70,344	164,390
Short provision of I. Tax Earlier Year		117,770	-
<b>TOTAL</b>		<u>3,232,535</u>	<u>4,241,823</u>
Balance As Per Last Balance Sheet		61,312,695	57,070,872
Amount available for apropration		-	-
Carried Forward to Balance Sheet		<u>64,545,230</u>	<u>61,312,695</u>
Earning Per Share Basic		0.55	1.84
(Face Value of Rs. 10/- per Share)			
<b>NOTES TO THE ACCOUNTS</b>	18		

As per our reports of even date attached

For and on behalf of the Board

**For BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

**PRAKASHCHAND DALMIA**  
Chairman & Managing Director

**AMITABH KEJRIWAL**  
Whole Time Director

**N. K. AGRAWAL**  
Partner  
Membership No. 34659  
Place : Mumbai.  
Date : 28<sup>th</sup> August, 2009

**SHONIT DALMIA**  
Whole Time Director

**MAHENDRA BAGARIA**  
Director

**MAHENDRA AGARWAL**  
Director

**PUNIT M. DESAI**  
Director

# Konark Synthetic Ltd.



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009

(Rupees in Lacs)

Particulars	31ST MARCH, 2009	
<b>Cash flow from operating activity</b>		
Net Profit before tax & Extra Ordinary Items		115.63
Adjustment for : Depreciation	268.36	
Interest paid	444.03	
Miscellaneous expenses written off	0.20	
(Profit)Loss on Sale of Fixed Assets	2.81	
Interest Income (considered Separately)	28.16	743.56
<b>Operating Profit before working capital changes</b>		859.19
<b>WORKING CAPITAL CHANGES</b>		
(Increase)Decrease in Sundry debtors	(1,095.15)	
(Increase)Decrease in Loans & Advances	(136.63)	
(Increase)Decrease in Inventories	(170.67)	
Increase(Decrease) in Trade Payable (Incl.Work'g Cap.Fin)	1,625.43	222.98
<b>Cash Generated From operations</b>		1,082.17
Interest paid		(444.03)
<b>Cash Flow Before Prior Period &amp; Extra Ordinary Items</b>		638.14
Prior Period & Extra Ordinary Items		1.88
<b>Net Cash Flow From Operating Activities ( I )</b>		636.26
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	1,570.82	
Interest Income	28.16	
Sale of fixed assets	(37.27)	
<b>Net Cash Outflow for investing Activities ( II )</b>		1,561.71
<b>Cash flow after investing activities ( III ) = ( I - II )</b>		(925.45)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowing(Net Of Repayments)	573.26	
Proceed from Equity shares	40.20	
Proceed from Share Application	0.00	
Share Premium	347.14	
Unsecured Loan	(0.02)	
Investment	0.00	
Refund of Share Application Money	(0.73)	
Dividend paid	(30.46)	
Direct Tax Paid		929.39
<b>Net Cash Flow from financing activity ( IV )</b>		3.94
<b>Cash flow after financing activity ( V )=( III - IV )</b>		
Cash & Cash Equivalent (Opening balance)		198.88
Cash & Cash Equivalent (Closing balance)		202.92
<b>Increase in cash &amp; cash equivalent ( VI )</b>		3.94

As per our reports of even date attached

For and on behalf of the Board

**For BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

**PRAKASHCHAND DALMIA**  
Chairman & Managing Director

**AMITABH KEJRIWAL**  
Whole Time Director

**N. K. AGRAWAL**  
Partner  
Membership No. 34659  
Place : Mumbai.  
Date : 28<sup>th</sup> August, 2009

**SHONIT DALMIA**  
Whole Time Director

**MAHENDRA BAGARIA**  
Director

**MAHENDRA AGARWAL**  
Director

**PUNIT M. DESAI**  
Director





# Konark Synthetic Ltd.

## SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS

PARTICULARS	AS AT 31.03.2009 Amount (Rs.)	AS AT 31.03.2008 Amount (Rs.)
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
15000000 Equity Shares of Rs. 10/- each. (P.Y 15000000 Equity Shares of Rs 10/- each)	150,000,000	150,000,000
a) <b>ISSUED &amp; SUBSCRIBED CAPITAL</b>		
5850000 Equity Shares of Rs 10/- each fully paid up (Previous year 2310000 Equity Shares of Rs.10/-each fully paid up)	58,500,000	23,100,000
<b>TOTAL</b>	58,500,000	23,100,000
b) Share Application Money	7,020,000	3,000,000
<b>TOTAL</b>	7,020,000	3,000,000
<b>SCHEDULE 2: RESERVES &amp; SURPLUS</b>		
i) Capital Incentive Subsidy	2,500,000	2,500,000
ii) General Reserve	51,751,143	51,751,143
iii) Capital Redemption Reserve	4,000,000	4,000,000
iv) Share Premium	70,667,165	70,667,165
v) Profit & Loss Account	64,545,230	61,312,695
<b>TOTAL</b>	193,463,537	190,231,003
<b>SCHEDULE 3: SECURED LOANS</b>		
I. <b>TERM LOANS</b>		
<b>From Institutions</b>		
SICOM	5,500,000	25,000,000
<b>From Banks</b>		
Indian Bank	200,455,881	117,211,903
Corporation Bank	19,106,735	4,759,464
Corporation Bank FCNR Loan Account	-	20,000,000
State Bank of India	134,932,821	214,490,080
Bank of Baroda	25,861,296	-
State Bank of Indore	18,778,669	-
Punjab National BTIAank	17,016,997	-
State Bank of Travancore	12,377,307	-
II. <b>WORKING CAPITAL LOANS</b>		
Indian Bank - Cash Credit (HYP) & Book Debts	81,525,249	70,983,479
Indian Bank/ Corp. Bank LC Discounting	27,288,940	34,552,608
Corporation Bank	34,346,522	17,341,266
Corporation Bank FCNR Account	-	15,000,000
State Bank of India	12,268,694	-
State Bank of India LC Discounting	5,065,596	-
III. <b>OTHER SECURED LOANS</b>		
Loan Against Motor Car	7,731,048	2,973,310
<b>TOTAL</b>	602,255,755	522,312,110

### Notes:

- Term loan from SICOM against Mortgage of entire Fixed & Movable Properties including Land & Building of the Company and hypothecation of entire Plant & Machinery, Machinery Spares, tools & accessories, Electrical Installation and Furniture & Fixtures and floating charge on all the assets of the company.
- Term Loan from Indian Bank secured by Mortgage of immovable properties of the company including Movable Plant & Machinery, Stores & Spares, tools and accessories and other movable both present & future (except stock and Book Debts) at Silvassa & Sarigam.
- Term Loan from Corporation Bank secured by Mortgage of immovable properties of the company including Movable Plant & Machinery, Stores & Spares, tools and accessories and other movable both present & future (except stock and Book Debts) at Silvassa & Bangalore.
- All working Capital Loans are secured by Hypothecation on the stock of raw materials, semi-finished, finished goods stores & spares, Packing Materials, Consumables & Book Debts and second Charge on land & Building and Plant & Machinery of the company.
- The Term Loan sanctioned by the above Banks are secured by first charge on pari passu basis by way of Equitable mortgage of Land and Building and Hypothecation of all the fixed assets and all the current assets of the Company shared on pari-passu basis with banks in the consortium.
- All above Loans are personally guaranteed by two Directors.

# Konark Synthetic Ltd.



PARTICULARS	AS AT 31.03.2009 Amount (Rs.)	AS AT 31.03.2008 Amount (Rs.)
<b>SCHEDULE 4: UNSECURED LOANS</b>		
Kotak Mahindra Bank Ltd.	1,619,665	3,500,000
Inter Corporate Loans	105,154,492	68,560,630
<b>TOTAL</b>	<b>106,774,157</b>	<b>72,060,630</b>

## SCHEDULE 5 : FIXED ASSETS

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

(Amount in Rupees)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Additions During the Year	Sold During the Year	As on 31.03.2009	As on 01.04.2008	During the Year	Adjustment If Any	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
<b>A. HEAD OFFICE</b> (W.D.V. Method)										
Office Equipment	788,256	102,505	-	890,761	533,784	62,583	-	596,367	294,394	254,472
Furniture & Fixture	2,858,796	3,037	-	2,861,833	2,175,678	126,681	-	2,302,359	559,473	683,118
Vehicles	2,952,716	-	1,206,720	1,745,996	1,917,971	233,488	1,036,654	1,114,804	631,192	1,034,745
Computers	1,192,642	20,368	-	1,213,010	1,110,765	39,667	-	1,150,432	62,578	81,877
Computers Software	177,960	-	-	177,960	41,836	54,450	-	96,286	81,674	136,124
Plant & Machinery (R&D)	2,748,566	-	-	2,748,566	1,564,762	164,667	-	1,729,429	1,019,137	1,183,804
<b>TOTAL (A) ==&gt;</b>	<b>10,718,936</b>	<b>125,910</b>	<b>1,206,720</b>	<b>9,638,126</b>	<b>7,344,796</b>	<b>681,536</b>	<b>1,036,654</b>	<b>6,989,677</b>	<b>2,648,448</b>	<b>3,374,140</b>
<b>B. FACTORIES UNITS</b> (S.L.M. Method)										
Lease Hold Land	6,180,340	-	-	6,180,340	117,489	62,421	-	179,910	6,000,430	6,062,851
Land	10,307,549	-	-	10,307,549	-	-	-	-	10,307,549	10,307,549
Factory Building	61,827,447	42,133,790	-	103,961,237	8,089,599	2,886,265	-	10,975,864	92,985,373	53,737,849
Plant & Machinery	406,268,307	2,427,302	4,244,298	404,451,311	92,936,495	20,609,810	406,681	113,139,624	291,311,687	313,331,812
Equipment	1,728,372	80,057	-	1,808,429	623,967	87,785	-	711,752	1,096,677	1,104,405
Furniture & Fixture	5,422,878	89,940	-	5,512,818	1,338,652	354,823	-	1,693,475	3,819,343	4,084,225
Vehicles	8,729,077	7,937,074	-	16,666,151	2,969,609	1,252,173	-	4,221,783	12,444,368	5,759,467
Computers	1,509,512	58,900	-	1,568,412	671,126	239,929	-	911,055	657,357	838,386
Computer Software	160,000	-	-	160,000	39,069	25,936	-	65,005	94,995	120,931
Electrical Installation	13,056,256	7,500	-	13,063,756	1,459,276	620,270	-	2,079,546	10,984,210	11,596,980
Cooling Tower	321,083	-	-	321,083	141,021	15,251	-	156,272	164,811	180,062
<b>TOTAL (B) ==&gt;</b>	<b>515,510,820</b>	<b>52,734,563</b>	<b>4,244,298</b>	<b>564,001,085</b>	<b>108,386,304</b>	<b>26,154,663</b>	<b>406,681</b>	<b>134,134,285</b>	<b>429,866,800</b>	<b>407,124,517</b>
<b>GRAND TOTAL (A+B)</b>	<b>526,229,756</b>	<b>52,860,473</b>	<b>5,451,018</b>	<b>573,639,211</b>	<b>115,731,100</b>	<b>26,836,199</b>	<b>1,443,335</b>	<b>141,123,962</b>	<b>432,515,248</b>	<b>410,498,657</b>
PREVIOUS YEAR	221,384,151	199,121,715	1,357,624	419,147,942	83,556,761	17,036,650	671,442	99,921,969	319,225,973	137,827,390

Note : 1. Rs. 4244298 under the head Sold/Adjustment of Gross Block includes a sum of Rs. 34.96 Lacs received during the year as a capital subsidy from Government.

PARTICULARS	AS AT 31.03.2009 Amount (Rs.)	AS AT 31.03.2008 Amount (Rs.)
<b>SCHEDULE 6: INVESTMENT</b>		
<b>QUOTED</b>		
<b>Long Term Investment In Shares</b>		
Sun Earth Ceramics Ltd.		
(6800 Equity Share of Rs.10/- each,		
Market value is Rs.0.09 Lacs P.Y.Rs 0.09)	204,000	204,000
<b>UNQUOTED</b>		
Long Term Investment In Shares		
10(P.Y.10) Shares of Silvassa Co-Op. Society Ltd of	1,100	1,100
Rs. 100/- each.	2,000	-
<b>TOTAL</b>	<b>207,100</b>	<b>205,100</b>



# Konark Synthetic Ltd.

PARTICULARS	AS AT 31.03.2009 Amount (Rs.)	AS AT 31.03.2008 Amount (Rs.)
<b>SCHEDULE 7: CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
a) Inventories (Valued taken and certified by the management)		
i) Raw Materials	10,553,798	10,383,173
ii) Work in Process	60,472,437	53,820,442
iii) Finished Goods	36,657,748	27,887,076
iv) Goods in Transit	-	104,279
v) Stock of Fabric	195,933	195,933
vi) Stores, Spares & others	9,913,640	8,335,661
<b>TOTAL</b>	<b>117,793,556</b>	<b>100,726,564</b>
b) Sundry Debtors, (Unsecured & Considered Good)		
i) Over Six months	11,154,260	41,259,985
ii) Others	306,050,927	166,430,591
<b>TOTAL</b>	<b>317,205,188</b>	<b>207,690,576</b>
c) Cash & Bank Balances		
i) Cash in hand	3,466,932	1,999,860
ii) Balances with Schedule Bank		
In Fixed Deposits	15,625,772	16,005,680
In Current Accounts	1,198,880	1,892,669
<b>TOTAL</b>	<b>20,291,583</b>	<b>19,898,209</b>
d) Loans and Advances (Unsecured and considered Good)		
i) Short Term Loan		
a.) Given to Companies under same management	-	-
b.) Others	13,457,441	13,400,068
ii) Deposits with Govt. & Others*	39,362,165	10,240,043
iii) Advances recoverable in cash or in kind or for value to be received		
- Advance to Suppliers	11,254,315	10,914,267
- Advance to Government	12,651,976	25,726,801
- Advance to Others	23,435,865	23,112,705
<b>TOTAL</b>	<b>100,161,762</b>	<b>83,393,884</b>
*(Includes Rs.107.24 Lacs (P.Y.Rs 107.24 Lacs) due to Company/ Firm in which Directors' are interested)		
<b>SCHEDULE 8: CURRENT LIABILITIES &amp; PROVISIONS</b>		
a. <b>CURRENT LIABILITIES</b>		
i) Sundry Creditors		
For Trade Goods & Expenses #	275,177,536	168,781,725
For Capital Goods	12,687,343	-
For Others	43,623,647	21,367,912
Investor Education and Protection Fund	273,834	346,790
Bank Overdraft	17,763	-
<b>TOTAL</b>	<b>331,780,122</b>	<b>190,496,427</b>
b. <b>PROVISIONS</b>		
i) Provision for Taxation	1,914,478	1,150,000
ii) Provision for Fringe Benefit Tax	613,270	281,389
<b>TOTAL</b>	<b>2,527,748</b>	<b>1,431,389</b>
# 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 16 <sup>th</sup> November, 2007 issued by Ministry of Company Affairs have not been given.		
<b>SCHEDULE 9: MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Incorporation Expenses	182,880	203,200
Less: Written off during the Year	20,320	20,320
<b>TOTAL</b>	<b>162,560</b>	<b>182,880</b>

# Konark Synthetic Ltd.



PARTICULARS	CURRENT YEAR 2008-09 Amount (Rs.)	PREVIOUS YEAR 2007-08 Amount (Rs.)
<b>SCHEDULE 10 : OTHER INCOME</b>		
Interest Income	2,816,528	1,870,909
Late Payment charges	100,731	103,268
Sale of Job Work	325,549	140,385
Profit on Sale of Investment	-	111,180
Insurance Claim Received	-	27,403
Export Incentive	3,093,184	248,719
Tuff Subsidy	-	1,866,298
Foreign Exchange Fluctuation	1,750,631	6,266
Miscellaneous Income & Others	511,431	178,272
<b>TOTAL</b>	<b>8,598,054</b>	<b>4,552,700</b>
<b>SCHEDULE 11 : INCREASE / (DECREASE) IN STOCK</b>		
Closing Stock		
Work in process	60,472,437	53,820,442
Finished Goods	36,657,748	27,887,076
	<b>97,130,185</b>	<b>81,707,518</b>
Less: Opening Stock		
Work in process	53,820,442	25,037,068
Finished Goods	27,887,075	39,882,411
	<b>81,707,517</b>	<b>64,919,479</b>
<b>Net Increase/(Decrease) in Stock</b>	<b>15,422,668</b>	<b>16,788,039</b>
<b>SCHEDULE 12 : COST OF GOODS CONSUMED</b>		
Opening Stock	10,383,174	3,729,435
Add : Purchases (Domestic)	469,083,766	148,920,620
Add : Purchases (Import)	1,693,740	-
	<b>481,160,680</b>	<b>152,650,055</b>
Less: Closing Stock	10,553,798	10,383,173
<b>TOTAL</b>	<b>470,606,883</b>	<b>142,266,882</b>
<b>SCHEDULE 13: COST OF GOODS SOLD</b>		
Opening Stock of Fabrics	195,933	195,933
Fabrics Purchase	88,236,025	365,551,595
Closing Stock of Fabrics	195,933	195,933
<b>TOTAL</b>	<b>88,236,025</b>	<b>365,551,595</b>
<b>SCHEDULE 14: MANUFACTURING EXPENSES</b>		
Stores, Spares, Packing Material & Oils Consumed	10,478,374	8,050,275
Labour Charges	4,445,527	2,249,823
Job Work Charges	2,909,380	2,708,635
Machine Hire Charges	-	63,924
Freight, Clearing, Octroi & Cartage	874,477	1,430,419
Repairs & Maintenance :		
Plant & Machinery	1,509,803	1,632,215
Building	24,556	29,116
Others	355,653	261,648
Power & Fuel	30,075,677	21,486,076
Security Charges	701,836	721,245
Water Charges	876,246	572,036
Dyes & Chemicals	1,651,216	2,063,599
Factory Expenses	119,775	23,150
<b>TOTAL</b>	<b>54,022,520</b>	<b>41,292,161</b>



# Konark Synthetic Ltd.

PARTICULARS	CURRENT YEAR 2008-09 Amount (Rs.)	PREVIOUS YEAR 2007-08 Amount (Rs.)
<b>SCHEDULE 15: PAYMENTS TO EMPLOYEES</b>		
Salaries & Wages	38,095,630	34,354,291
Staff Welfare	711,479	594,961
House Rent Allowance & Others	6,345,214	4,029,829
Employer's contribution to ESIC & PF.	3,302,146	3,071,079
Labour Compensation/Bonus	1,793,493	1,734,996
Personal Development Expenses	-	314,321
<b>TOTAL</b>	<b>50,247,962</b>	<b>44,099,477</b>
<b>SCHEDULE 16: ADMINISTRATION &amp; SELLING EXP.</b>		
Electricity	487,721	486,129
Rent,Rates,Fees & Taxes	3,164,110	3,223,071
Printing & Stationery	690,458	573,491
Insurance	926,854	658,397
Postage Telegram	436,865	459,276
Telephone Expenses	1,069,915	1,132,669
Vehicle Expenses	711,970	488,494
Professional Fees/ Legal Expenses	1,454,491	1,188,300
Guest House Expenses	21,700	94,842
Miscellaneous Expenses/General Expenses	574,629	668,433
Filling Fees	64,940	282,350
Stamp & Hundi Paper	1,043,920	182,104
Security Transaction Tax	15,494	-
Membership & Subscription	656,917	155,501
Director's Remuneration & Prequisites	1,780,690	1,684,704
Repairs & Maintanance	132,984	112,018
Auditor's Remuneration	270,600	249,720
Donation	64,000	78,201
Sample & Development Expenses	412,824	292,917
Travelling Expenses:		
Directors	225,540	221,146
Others	458,889	561,409
Foreign Travelling	421,391	495,209
Conveyance Expenses	467,154	401,475
Export Freight	195,533	124,115
Export Clearing & Forwarding	373,937	52,492
Foreign Exchange Fluctuation	215	42,187
Outward Freight & Octrai	1,277,927	826,739
Sales Promotion Expenses	237,375	19,012
Marketing Expenses & Brokerage	1,848,570	2,599,577
Advertisement Expenses	44,693	150,826
Preliminary Expenses Written Off	20,320	20,320
<b>TOTAL</b>	<b>19,552,626</b>	<b>17,525,123</b>
<b>SCHEDULE 17: FINANCE EXPENSES</b>		
Interest on Term Loan	20,879,511	12,116,640
Interest on Working Capital(Net)	14,792,514	9,626,553
Interest on FCNR	233,077	1,190,845
Interest to Other	2,133,612	174,897
Bank Charges	5,712,820	1,494,919
Car Finance Charges	651,358	684,045
<b>TOTAL</b>	<b>44,402,891</b>	<b>25,287,899</b>



## SCHEDULE 18: NOTES FORMING PART OF CONSOLIDATION ACCOUNTS FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2009

### 1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

#### Significant accounting policies

#### A. GENERAL

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

#### B. PRINCIPLES OF CONSOLIDATION

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

#### C. The details of the Subsidiary in the consolidated financial statements is as follows :

Name of the subsidiary Company	Financial Year of the subsidiary company ended on	Extent of Holding Company's Interest	Country of Incorporation
India Denim Limited	31-Mar-09	55.74%	India

#### D. USE OF ESTIMATE

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

#### E. FIXED ASSETS

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

#### F. DEPRECIATION

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

#### G. INVENTORIES

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



# Konark Synthetic Ltd.

---

## H. INVESTMENT

Investments other than in subsidiary have been accounted as per accounting standard -13 (AS) on "Accounting for Investments". Long-term investments are stated at the cost of acquisition. No provision has been made in diminution of value of shares in view of long term.

## I. TRANSACTION IN FOREIGN EXCHANGE

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

## J. TAXATION

### Current Tax

Provision for current tax is made after taking into consideration benefits admissible under the provision 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 forward only to the extent that there is a reasonable certainty that the assets will be realized in future.

### Fringe benefit tax

Consequent to the introduction of Fringe Benefit Tax (FBT) effective 1<sup>st</sup> April, 2005, in accordance with the guidance note on accounting for fringe benefit tax issued by the ICAI, the company has made provision for FBT under income tax laws.

## K. SALES & PURCHASE

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

## L. EXPORT INCENTIVES.

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

## M. EMPLOYEES RETIREMENT BENEFIT

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

## N. PROVISION, CONTINGENT LIABILITY AND CONTINGENT ASSETS

1. Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.
2. No provision for gratuity has been made during the year it will be accounted as and when paid. Amounts of same are as unascertained.

### 2. Contingent Liability

- i. The Banker of the Company has given Guarantee to various government Authorities amounting to Rs. 76.10 Lacs (P.Y.Rs.58.55 Lacs) for which the Company has given counter guarantee. Company has given margin money to banker amounting to Rs.31.28 Lacs (P.Y. Rs. 35.03 Lacs).
- ii. The estimated amount of contracts remaining to be executed in the nature of capital account amounting to Rs. 921.08 Lacs (Previous Year Rs. 921.08 Lacs), Advances given Rs. 95.24 Lacs (Previous Year Rs. 95.24 Lacs).
- iii. The Income Tax Authority has raised a demand of Rs. 12.04 Lacs for the Assessment Year 2001-2002 for which the

# Konark Synthetic Ltd.



company has made the payment under protest but disputed & filed an appeal with Income Tax Appellate Tribunal (ITAT) Authority.

## 3. EARNING PER SHARE:

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

Profit After Tax and Adjustment of the minority Interest	Rs. 3420648/-
Less: Prior period expenses	Rs. 188113/-
Net Profit after tax	Rs. 3232535/-
Basic Earning per share (5850000 Equity shares)	Rs. 0.55/-

## 4. The components of deferred tax assets / liability as at 31st March, 2009 in accordance with the Accounting Standard 22 "Accounting for Taxes on Income" are as under:

	As At 31 <sup>st</sup> March, 2009 (Rs.)	As At 31 <sup>st</sup> March, 2008 (Rs.)
<b>A. Deferred Tax Liability</b>		
Due to Depreciation Difference	4089877	6576629
<b>B. Deferred Tax Assets</b>		
Credit under u/s 43B & 40(a)	- 513957	951961
Unabsorbed Depreciation	-2518688	1309393
MAT Credit available for the year	- 939890	1129810
<b>Total</b>	-3972536	3391164
	=====	=====
Net Deferred Tax Liability.	8062413	3185465

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

### Related Party Disclosures

#### Expenditure:

(Rs. In Lacs)

Name of the Party	Nature of Transaction	Amount	Outstanding Dr./Cr.
<b>Key Managerial Person</b>			
Mr. Sajjan Kejriwal	Rent	0.78	0.37 Cr.
Mr. Sushil Kejriwal	Rent	0.78	0.39 Cr.
Mr. Prakashchand Dalmia	Remuneration	10.24	0.00
Mr. Amitabh Kejriwal	Remuneration	4.43	0.00
Mr. Shonit Dalmia	Remuneration	3.60	0.00
Mr. Pramod Kakrania	Remuneration	1.68	0.00
Mr. Sushil Kejriwal	Remuneration	1.20	0.57 Cr.
Mr. Sachin Kejriwal	Remuneration	1.20	0.52 Cr.
<b>Associates Concern</b>			
Konark Silk Mills	Office Rent	1.08	1.08 Cr.
S.J. Financial Services Pvt. Ltd.	Service Charges	0.56	0.13 Cr.





# Konark Synthetic Ltd.

Relative of Key Managerial Person			
Smt. Raka Devi Dalmia	Rent	1.80	0.00
Miss. Shikha Dalmia	Salary	1.80	0.00
Miss. Smita Kejriwal	Salary	1.44	0.00
Ms. Shikha Kejriwal	Salary	1.50	0.70
Ms. Shilpa Kejriwal	Salary	2.40	1.13
Mr. Ronak Kejriwal	Salary	1.80	0.79

## Unsecured Loans Taken:

(Rs. In Lacs)

Name of the Party	Opening Balance	Amount of Loan Taken	Amount of repayment of Loan	Outstanding Dr./Cr.
<b>Key Managerial Person</b>				
Mr. Sajjan Kejriwal	2.05	11.05	5.85	7.25 Cr.
Mr. Sushil Kejriwal	1.54	11.45	0.75	12.24 Cr.
Mr. Sachin Kejriwal	0.40	0.00	0.00	0.40 Cr.
<b>Associates Concern</b>				
Fillmore Trading & Investment Pvt. Ltd.	74.75	43.00	117.75	0.00
Konark Realtech Pvt. Ltd.	167.75	183.35	351.10	0.00
Konark Silk Mills.	0.00	37.00	37.00	0.00
Ambika Taptex Pvt. Ltd.	4.70	15.25	4.30	15.65 Cr.
Pratibha Syntex Ltd	0.00	58.64	0.00	58.64 Cr.
<b>Relative of Key Managerial Person</b>				
Ms. Indu Kejriwal	1.65	0.00	0.00	1.65 Cr.
Ms. Manju Kejriwal	2.00	2.40	1.50	2.90 Cr.
Ms. Preeti Kejriwal	1.60	0.00	0.00	1.60 Cr.
Ms. Savitridevi Kejriwal	4.70	0.00	0.00	4.70 Cr.
Ms. Shilpa Kejriwal	1.80	1.73	0.00	3.53 Cr.
Ms. Shikha Kejriwal	0.30	0.00	0.00	0.30 Cr.

## 6. Previous Year's figures:

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

As per our reports of even date attached

For and on behalf of the Board

**For BHUWANIA & AGRAWAL ASSOCIATES**  
Chartered Accountants

**PRAKASHCHAND DALMIA**  
Chairman & Managing Director

**AMITABH KEJRIWAL**  
Whole Time Director

**N. K. AGRAWAL**  
Partner  
Membership No. 34659  
Place : Mumbai.  
Date : 28<sup>th</sup> August, 2009

**SHONIT DALMIA**  
Whole Time Director

**MAHENDRA BAGARIA**  
Director

**MAHENDRA AGARWAL**  
Director

**PUNIT M. DESAI**  
Director

## KONARK SYNTHETIC LIMITED

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

### PROXY FORM

Regd. Folio No.....

D.P. ID .....

Client ID .....

No. of Shares held .....

I/We.....of..... in the District of ..... being a Member / Members of **KONARK SYNTHETIC LIMITED** hereby appoint .....of .....in the District of.....or failing him.....of..... as my/our /proxy to vote for me/us, on my /our behalf of at the 25<sup>th</sup> ANNUAL GENERAL MEETING of the Company, to be held on Wednesday, the 30<sup>th</sup> day of September, 2009 at 3.30 p.m. at Mittal Industrial Estate, Bldg. No.7, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 059 or any adjournment thereof.

Signed: \_\_\_\_\_ day of \_\_\_\_\_ 2009

Revenue  
Stamp of  
Re. 1/-

## KONARK SYNTHETIC LIMITED

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

### ATTENDANCE SLIP

Regd. Folio No.....

D.P. ID .....

Client ID .....

No. of Shares held .....

Name ..... (of the attending Member or Proxy) (IN BLOCK LETTERS), I hereby record my presence at the 25<sup>th</sup> ANNUAL GENERAL MEETING of the Company, to be held on Wednesday, the 30<sup>th</sup> day of September, 2009 at 3.30 p.m. at Mittal Industrial Estate, Bldg. No.7, Andheri Kurla Road, Sakinaka, Andheri (East), Mumbai-400 059

**Member's/Proxy's Signature**

#### Notes:

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



## **BOOK-POST**

*If undelivered please return to:*

### **KONARK SYNTHETIC LIMITED**

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