



DONEAR INDUSTRIES LTD.

32ND ANNUAL REPORT
2017-18



॥ अतुलितबलधामं हेमशैलाभदेहं दनुजवनकृशानुं ज्ञानिनामग्रगण्यम् ॥
सकलगुणनिधानं वानराणामधीशं रघुपतिप्रियभक्तं वातजातं नमामि ॥



॥ वक्रतुंड महाकाय सूर्यकोटी समप्रभः ॥
निर्विघ्नं कुरु मे देव सर्वकार्येषु सर्वदा ॥



Corporate Information

DIRECTORS

Shri. Vishwanath L. Agarwal - Chairman
Shri. Rajendra V. Agarwal - Managing Director
Shri. Ajay V. Agarwal - Whole Time Director
Shri. Durgaprasad Agarwal
Shri. Santkumar Agarwal
Shri. Rajagopal Sivaraj
Mr. Anup Kumar Singh
Mrs. Medha Pattanayak

COMPANY SECRETARY

Shri. Sreedhar H.

AUDITORS

KANU DOSHI ASSOCIATES LLP
203, The Summit,
Hanuman Road, W.E. Highway,
Vile Parle- East, Mumbai, Maharashtra 400057

BANKERS

State Bank of India
Overseas Branch
The Arcade, 2nd Floor,
World Trade Center,
Cuff Parade, Colaba, Mumbai – 400 005.

Dena Bank
Corporate Business Branch,
Dena Bank Building 2,
1st floor, 17, Horniman Circle,
Fort, Mumbai – 400 023

Indian Bank
386, Block No.1,
Veer Savarkar Marg,
Opp. Siddhivinyak Temple,
Prabhadevi, Mumbai- 400025.

Bank of Baroda
Andheri West Branch,
Khajina Mahal, 189, S V Road,
Andheri West, Mumbai- 400058

Yes Bank Limited
Gr. Flr, Shri Amba Shanti Chambers,
Opp Hotel Leela, Andheri Kurla Road,
Andheri East Mumbai- 400059

WORKS / OFFICE

Balaji Fabrics
Revenue Block No. 194 & 195,
Kadodara Bardoli Road,
Village Jolwa, Taluka Palsana,
Dist. Surat, Gujarat

Balaji Industries
Dokmandi, Village Amli,
Silvassa, Dadra & Nagar Haveli

Laxmi Fab
Govrment Industrial Estate
Masat, Silvassa,
Dadra & Nagar Haveli

Laxmi Garment Fabrics
Building No. 110, 7th Main,
Peenya Industrial Area,
3rd Phase, Bangalore

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REGISTERED OFFICE

Donear House, 8th Floor, Plot No. A-50, Road No. 1,
MIDC, Andheri (East), Mumbai – 400 093

Shareholders are requested to bring with them the Attendance Slip as given in the annual report during the AGM.

NOTICE is hereby given that the Thirty Second Annual General Meeting of the members of DONEAR INDUSTRIES LIMITED will be held on 29th September, 2018 at Donear House, 9th Floor, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093 at 11.30 am to transact the following business:-

Ordinary business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2018 and Profit and Loss account for the year ended on that date together with Directors and Auditors Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Ajay V. Agarwal (DIN: 00227279) who retires by rotation and being eligible offers himself for reappointment.

Special Business:

4. To re-appoint Shri. Rajendra V. Agarwal as Managing Director and in this regard, to pass, the following resolution an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to re-appoint Shri. Rajendra V. Agarwal (DIN: 00227233) as Managing Director of the Company, for a period of 5 (five) years, on the terms and conditions including remuneration as set out in the statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Shri. Rajendra V. Agarwal, subject to same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To re-appoint Shri. Ajay V. Agarwal as Whole Time Director and in this regard, to pass, the following resolution as an Ordinary Resolution:
"RESOLVED THAT in accordance with the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to re-appoint Shri. Ajay V. Agarwal (DIN: 00227279) as Whole Time Director of the Company, for a period of 5 (five) years, on the terms and conditions including remuneration as set out in the statement annexed to the Notice convening this Meeting, with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include Nomination and Remuneration Committee of the Board) to alter and vary the terms and conditions of the said re-appointment and/or remuneration as it may deem fit and as may be acceptable to Shri. Ajay V. Agarwal, subject to same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification or re-enactment thereof;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To ratify the remuneration of Cost Auditors for the financial year ending 31st March, 2019 and in this regard pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, M/s. Y. R. Doshi & Co., Cost Accountant, Mumbai (Membership No. 3286) be and are hereby appointed as Cost Auditors of the Company for financial year ending 31st March, 2019 on a remuneration of Rs. 1,25,000/- (Rupees One lac Twenty Five Thousand Only) plus taxes as applicable and out of pocket expenses as approved by the Board of Directors of the Company to conduct the Cost audit of the Companies Textile manufacturing unit at Surat and Silvassa"

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

RESOLVED THAT pursuant to the provisions of Section 161 and any other applicable provisions if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Santanu Mukherjee (DIN 07716452), who was appointed as an Additional Director of the Company and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of 5 (five) consecutive years for a term up to the conclusion of the 37th Annual General Meeting of the Company".

8. Approval of Material Related Party Transactions

To consider and, if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

RESOLVED THAT pursuant to the provisions of the Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 188 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules 2014 as applicable and any amendments thereto and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, approval of the members of the Company be and is hereby accorded to the Board of Directors (including its committee thereof), to ratify/ approve all existing contracts / arrangements /agreements entered into/to be entered by the Company with the Companies in which some of the Directors and their relatives are interested and hence related parties within the meaning of the aforesaid law, the value of which either singly or all taken together may exceed ten percent of the annual standalone turnover of the Company as per audited financial statements of F.Y. 2017-18; having the following details and as per the Explanatory Statement annexed hereto

REOLVED FUTHER THAT the Board be and is hereby authorised to take such steps as may be necessary for obtaining approvals, statutory or contractual, in relation to the above and be authorized to approve aforesaid transactions and the terms and conditions thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds and things, to sign, execute all such documents, instruments in writing on an ongoing basis as may be required in its absolute discretion pursuant to the above resolutions."

9. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a

Special Resolution:

“RESOLVED THAT pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 as amended and other applicable provisions if any, consent of the members of the Company be and is hereby accorded for continuation of Directorship of Mr. Santkumar Agarwal who was reappointed as an Independent Director of the Company for a period of 5 years at the 28th Annual General Meeting of the Company held on 24th September, 2014 till conclusion of 33rd Annual General Meeting by way of Special Resolution and who has attained the age of 75 years for the remaining period of his existing term of Directorship as Independent Director of the Company.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this resolution.”

10. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a

Special Resolution:

“RESOLVED THAT pursuant to the provisions of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 as amended and other applicable provision if any, consent of the members of the Company be and is hereby accorded for continuation of Directorship of Mr. Vishwanath Agarwal, Non-executive Director of the Company who has attained the age of 75 years of his existing term of Directorship as Chairman of the Company.

RESOLVED FURTHER THAT Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as may be deemed proper and expedient to give effect to this resolution.”

Explanatory Statement pursuant to Sec.102 (1) of the Companies Act, 2013

Item No. 4:

The Board of Directors has reappointed Mr. Rajendra V. Agarwal as a Managing Director for a period of five years with effect from 1st April, 2018 to 31st March, 2023 at the Board Meeting held on 30th May, 2018 on the following terms and conditions as recommended by the Nomination and Remuneration Committee:

i) **Salary:** Rs.3, 00,000 (Rupees Three Lakhs Only) per month in the scale of Rs. 3,00,000 to Rs.4, 00,000.

ii) **Perquisite:** Perquisites will be allowed in addition to salary and shall be restricted to an amount equal to annual salary.

1. Housing:

The Company shall provide free un-furnished accommodation. The Value of benefit will be determined as per the Income Tax Rules.

2. Reimbursement of Medical Expenses:

Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any, incurred for self and family, subject to a ceiling of one month's salary or three months salary over a period of three years, as per Rules of the Company. For the above purpose, “Family” includes spouse, dependent children and parents.

3. Leave Travel Concession:

For self and family once in a year incurred in accordance with the rules of the company.

4. Club Fees:

Fees for club subject to a maximum for two clubs. This will not include admission and life membership fees.

5. Personal Accident Insurance:

Premium not to exceed Rs. 10,000/- per annum.

6. Contribution to Provident Fund and Super Annuation:

Contribution to Provident Fund and Super Annuation fund, as per Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.

7. Encashment of Leave:

As per Rules of the Company.

8. Use of Car and Telephone:

Company maintained car with driver for use on Company's business, telephone at residence and cellular phone provided by the Company will not be considered as perquisite. However, personal long distance calls and use of car for private purposes shall be borne by the Managing Director.

9. Reimbursement of Expenses:

Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company, as per Rules of the Company.

a. Subject to the supervision and control of the Board of Directors day to day activities of the Company shall be in the hands of the Managing Director.

b. The Managing Director shall also perform such other duties and services and exercise such power as shall from time to time be entrusted to him by the Board of Directors. The Managing Director undertakes to the best of his skill and abilities to use this utmost to promote the interest and welfare of the company and to conform to and comply with the directions and regulations of the company and all such order, directions as may from time to time be given by the board of directors.

c. The Managing Director shall not at any time hereinafter without the consent in writing of the company except under legal process divulge or make public any of the secrets of the dealing of the company which ought not be disclosed or make public.

- d. The Managing Director shall be true and faithful to the company in all his account of business dealings, transactions whatsoever and with at all times when required render its true and correct account thereof to the company or to such persons as shall be authorized to receive them.
- e. The Managing Director shall be entitled to such leaves as the exigencies of the business shall permit and as may be mutually agreed. It is however expressly provided that the Managing Director shall be entitled to one month leave for every 11 months of service completed by him under the agreement.
- f. The Managing Director is not entitled to sitting fees for attending the meetings of the Board of Directors or of a Committee thereof.
- g. The appointment may be terminated by either party by giving to the other party three months notice of such termination or such lesser period as may be mutually agreed.

10. Remuneration in the Event of Loss or inadequacy of Profits:

Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid, subject to Incentive/ Commission being restricted to 50% of annual salary and applicable provisions of Schedule V to the Companies Act, 2013.

The remuneration package is well within the overall limit prescribed under Schedule V to the Companies Act, 2013, which permits the Company to provide for an overall remuneration, not exceeding 10% of the Net Profits in any year, to all its Directors.

Mr. Rajendra V. Agarwal is holding 3861814 equity shares of Rs. 2/- each in the Company.

The Board recommends the above resolution as shown in item no. 4 of the notice for approval of the members.

Except Mr. Vishwanth Agarwal, Mr. Rajendra V. Agarwal and Mr. Ajay V. Agarwal none of the directors is interested/concerned in the above resolution.

Item No. 5:

The Board of Directors has reappointed Mr. Ajay V. Agarwal as a Whole Time Director for a period of five years with effect from 1st July, 2018 to 30th June, 2023 at the Board Meeting held on 30th May, 2018 on the following terms and conditions as recommended by the Nomination and Remuneration Committee

- i) **Salary:** Rs.1, 00,000 (Rupees One Lakhs Only) per month in the scale of Rs. 1,00,000 to Rs. 2,00,000.
- ii) **Perquisite:** Perquisites will be allowed in addition to salary and shall be restricted to an amount equal to annual salary.
- 1. Housing:**
The Company shall provide free un-furnished accommodation. The Value of benefit will be determined as per the Income Tax Rules.
- 2. Reimbursement of Medical Expenses:**
Reimbursement of medical expenses (including insurance premium for medical and hospitalization policy, if any, incurred for self and family, subject to a ceiling of one month's salary or three months salary over a period of three years, as per Rules of the Company. For the above purpose, "Family" includes spouse, dependent children and parents.
- 3. Leave Travel Concession:**
For self and family once in a year incurred in accordance with the rules of the company.
- 4. Club Fees:**
Fees for club subject to a maximum for two clubs. This will not include admission and life membership fees.
- 5. Personal Accident Insurance:**
Premium not to exceed Rs. 10,000/- per annum.
- 6. Contribution to Provident Fund and Super Annuation:**
Contribution to Provident Fund and Super Annuation fund, as per Rules of the Company, to the extent these, either singly or put together, are not taxable under the Income Tax Act, 1961.
- 7. Encashment of Leave:**
As per Rules of the Company.
- 8. Use of Car and Telephone:**
Company maintained car with driver for use on Company's business, telephone at residence and cellular phone provided by the Company will not be considered as perquisite. However, personal long distance calls and use of car for private purposes shall be borne by the Whole Time Director.
- 9. Reimbursement of Expenses:**
Reimbursement of entertainment, travelling and all other expenses incurred for the business of the Company, as per Rules of the Company.
 - a. Subject to the supervision and control of the Board of Directors day to day activities of the Company shall be in the hands of the Whole Time Director.
 - b. The Whole Time Director shall also perform such other duties and services and exercise such power as shall from time to time be entrusted to him by the Board of Directors. The Whole Time Director undertakes to the best of his skill and abilities to use this utmost to promote the interest and welfare of the company and to conform to and comply with the directions and regulations of the company and all such order, directions as may from time to time be given by the board of directors.

- c. The Whole Time Director shall not at any time hereinafter without the consent in writing of the company except under legal process divulge or make public any of the secrets of the dealing of the company which ought not be disclosed or make public.
- d. The Whole Time Director shall be true and faithful to the company in all his account of business dealings, transactions whatsoever and with at all times when required render its true and correct account thereof to the company or to such persons as shall be authorized to receive them.
- e. The Whole Time Director shall be entitled to such leaves as the exigencies of the business shall permit and as may be mutually agreed. It is however expressly provided that the Whole Time Director shall be entitled to one month leave for every 11 months of service completed by him under the agreement.
- f. The Whole Time Director is not entitled to sitting fees for attending the meetings of the Board of Directors or of a Committee thereof.
- g. The appointment may be terminated by either party by giving to the other party three months notice of such termination or such lesser period as may be mutually agreed.

10. Remuneration in the Event of Loss or inadequacy of Profits:

Where in any financial year, the Company has no profits or its profits are inadequate, the foregoing amount of remuneration and benefits shall be paid, subject to Incentive/ Commission being restricted to 50% of annual salary and applicable provisions of Schedule V to the Companies Act, 2013.

The remuneration package is well within the overall limit prescribed under Schedule V to the Companies Act, 2013, which permits the Company to provide for an overall remuneration, not exceeding 10% of the Net Profits in any year, to all its Directors.

Mr. Ajay V. Agarwal is holding 3729500 equity shares of Rs. 2/- each in the Company.

Except Mr. Vishwanth Agarwal, Mr. Rajendra V. Agarwal and Mr. Ajay V. Agarwal none of the directors is interested/concerned in the above resolution.

Item No. 6

Pursuant to Section 148 of the Companies Act, 2013 and Rules 14 of the Companies (Audit and Auditors) Rules, 2014 the Board shall appoint a cost accountant in practice and fix the remuneration on the recommendations of the Audit Committee. The remuneration recommended by the Audit Committee shall be considered and approved by the Board of directors and ratified by the shareholders.

The Audit Committee at its meeting held on 30th May, 2018 has considered M/s. Y. R. Doshi, Cost accountants for conducting cost audit of the Company's textile manufacturing units at Silvassa and Surat on a remuneration of Rs.1,25,000/- plus taxes as applicable and reimbursement of actual out of pocket expenses incurred for the financial year ending 2019.

The remuneration payable to cost auditors for the financial year ending 31st March, 2019 has to be ratified by the members of the Company.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at item No. 6 of the Notice.

Item No. 7:

The Board of Directors has appointed Mr. Santanu Mukherjee as an Additional Independent Director of the Company on 30th May, 2018. Pursuant to Sec.161 of the Companies Act, 2013, Mr. Santanu Mukherjee continues as a Director upto the ensuing Annual General Meeting.

Mr. Santanu Mukherjee is B.Sc. Honors from Kolkatta and also CAIIB from Indian Institute of Bankers. He is an experienced banker with several years experience in State Bank of Hyderabad, State Bank of India and State Bank of Bikaner and Jaipur. During his tenure, Mr. Santanu Mukherjee worked in various capacities with the above banks. He was selected as India based Chief Executive Officer and worked in Paris. After several years of experience Mr. Santanu Mukherjee retired as Managing Director from State Bank of Hyderabad.

His vast experience in various capacities will be beneficial to the Company. The Directors, therefore recommend the resolution as stated in Item No. 7 of the Notice for approval of the members.

The Company has also received the deposit of Rs. 1 lac from one of the members of the Company proposing the name of Mr. Santanu Mukherjee. Mr. Santanu Mukherjee is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. The Company has also received the consent from Mr. Santanu Mukherjee to act as Director of the Company.

The Company has received a declaration from Mr. Santanu Mukherjee stating that he meets with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013

Mr. Santanu Mukherjee holds NIL Shares in the Company.

The Board recommends the Resolution at Item No. 7 of the Notice for approval of the Members.

None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at item No. 7 of the Notice.

Item No. 8:

Pursuant to Section 188 of the Companies Act, 2013 ("the Act"), read with Rule 15 of the Companies (Meeting of Board and its powers) Rules, 2014 the Company is required to obtain consent of the Board and prior approval of the members by resolution in case certain Related Party Transactions exceed such sum as is specified in the rules. The aforesaid provisions are not applicable in respect transactions entered into by the Company in the ordinary course of business on an arm's length basis.

However, pursuant to regulation 23(4) of SEBI LODR, 2015, approval of the shareholders through Ordinary Resolution is required for all 'material' related party transactions (RPT) even if they are entered into in the ordinary course of business on an arm's length basis. For this purpose, a RPT will be considered 'material' if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceed 10% of the annual turnover of the Company as per the last audited financial statements of the Company.

During the Financial year 2018-19, the RPT may exceed 10% of the total turnover of the Company with the following and other parties in which some of the Directors and their relatives interested:

| Sr. No. | Name of Party |
|---------|-------------------------------|
| 1 | Lotus Fabrics |
| 2 | Mercury Industries |
| 3 | Neptune Fabs |
| 4 | Venus Textiles |
| 5 | GBTL Limited |
| 6 | OCM Private Limited |
| 7 | Temporary loan from Directors |

Since some of the above transactions are not fixed for any particular term, it is not possible for the Company to ascribe an explicit monetary value to such transactions. However, approval of the Audit Committee and/or Board, wherever required, shall be obtained in terms of the provisions of the Companies Act, 2013 and Listing Regulations.

The approval of the shareholders is being sought by way of an ordinary resolution for the proposed material related party transactions.

The contracts/ arrangements /transactions with the above entities are necessary in the ordinary course and have a significant role in the Company's operations. Therefore, the Board of Directors commends the resolution as set out at item no. 8 for approval of shareholders as an Ordinary Resolution.

Except Mr. Vishwanth Agarwal, Mr. Rajendra Agarwal, Mr. Ajay Agarwal, none of the other directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at item No. 8 of the Notice.

Item No. 9

Regulation 17(1A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2018 notified of 7th June, 2018 prescribes that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of Seventy Five years unless a Special Resolution is passed to that effect.

Mr. Santkumar Agarwal who was reappointed as an Independent Director of the Company at the 28th Annual General Meeting of the Company held on 24th September, 2014 for a period of five years by way of Special Resolution has attained the age of 75 years.

In view of the said provision of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2018, Nomination and Remuneration Committee discussed the matter and recommended the continuation of Directorship of the above Independent Director for the remaining period of his term.

Mr. Santkumar Agarwal is a Director of Brijmohan Sagarmal Capital Services Pvt. Ltd. and Partner of B S Securities. He is also an active member of Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. He has vast experience in Business, Finance and Share Broking.

Mr. Santkumar Agarwal is expertise in his respective fields and his experience and valuable guidance is beneficial to the Company.

The Board based on the recommendations of Nomination and Remuneration Committee and considering benefits of the expertise of the above Independent Director, has recommended the resolution for approval of Shareholders by way of Special Resolution.

Except the Santkumar Agarwal, none of the other directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at item No. 9 of the Notice.

Item No. 10

Regulation 17(1A) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2018 notified of 7th June, 2018 prescribes that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of Seventy Five years unless a Special Resolution is passed to that effect.

Mr. Vishwanath Agarwal, Chairman and Non-executive Director of the Company who has attained the age of 75 years.

In view of the said provision of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2018, Nomination and Remuneration Committee discussed the matter and recommended the continuation of Directorship of the Mr. Vishwanath Agarwal.

Mr. Vishwanath Agarwal started his career in textiles way back in 1959 and has over four decades of experience in the textile industry. He is a visionary with immense entrepreneurial skills. He realized the importance of fashion fabrics way back in the year 1971 and laid the foundation stone for the Donear group. He started his career in the Textiles business as a dealer in Fabrics and with his far-sightedness and entrepreneurial skills converted the same into an Industry with a well known-brand of blended fabrics. He is the person who provides strategic direction to the Company and is the driving force behind the Company's growth. He is the authority in the policy-making and the strategic decisions of the Company.

Mr. Vishwanath Agarwal is expert in his respective fields and his experience and valuable guidance is beneficial to the Company.

The Board based on the recommendations of Nomination and Remuneration Committee and considering benefits of the expertise of Mr. Vishwanath Agarwal, has recommended the resolution for approval of Shareholders by way of Special Resolution.

Except Mr. Vishwanath Agarwal, none of the other directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at item No. 10 of the Notice.

By Order of the Board of Directors
For **Donear Industries Limited**

Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UPTO AND NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT OF THE SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER.
2. The instrument appointing the proxy should be deposited at the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. Members are requested to intimate any change in their address to the Registrar and Transfer Agents of the Company at the following address:
LINK INTIME INDIA PVT LTD
C-101,247 PARK, L.B.S. MARG, VIKHROLI (WEST), MUMBAI – 400083
4. The Register of members and share Transfer Register will remain closed from 20.09.2018 to 28.09.2018 (both days inclusive).
5. Dividend, if declared, will be payable to those members whose names appear on the Register of members of the Company on 19th September, 2018 and in respect of shares held in Electronic form the dividend will be paid to the beneficial owners as per details furnished by the depositories for this purpose.
6. Shareholders are requested to inform their Bank Account Numbers, Name and address of the Bank/Branch so that the same can be incorporated with their names in dividend warrants to avoid fraudulent encashment.
7. Members who hold shares in dematerialized form are requested to bring their ID & DPID numbers for easy identification of attendance at the meeting.
8. Shareholders seeking any information with regards to audited accounts are requested to write to the Company at least 10 days in advance so as to keep the information ready.
9. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with DPs. Members are requested to provide their e-mail address through SMS along with DP ID/Client Id to and ensure that the same is also updated with their respective DP for their demat account(s). The registered e-mail address will be used for sending future communications.
10. Members may note that the company has to transfer the dividends which remain unclaimed/unencashed over a period of 7 years to Investor Education and Protection Fund (IEPF) U/S 125 of the Companies Act, 2013. The details of dividend paid by the Company and respective due dates of transfer to the said Fund of the Central Governments, which remain unencashed, are as under:

| Date of Declaration | Dividend for the year | Due date for transfer to the Government |
|---------------------|-----------------------|---|
| 24-09-2011 | 2010-2011 | 24 th October, 2018 |
| 22-09-2012 | 2011-2012 | 22 nd October, 2019 |
| 28-09-2013 | 2012-2013 | 28 th October, 2020 |
| 24-09-2014 | 2013-2014 | 24 th October, 2021 |
| 26-09-2015 | 2014-2015 | 26 th October, 2022 |
| 24-09-2016 | 2015-2016 | 24 th October, 2023 |
| 23-09-2017 | 2016-2017 | 23 rd October, 2024 |

Shareholders are advised to send the unencashed dividend warrants to the Registered Office of the company for revalidation and encash them before the due date for transfer to the Central Government.

In terms of the provisions of section 125 of the Companies Act, 2013, the amount of dividend remaining unclaimed for a period of seven years is required to be transferred to Investor Education and Protection Fund and in compliance thereof the Company had transferred unclaimed dividend amount for the financial years upto 2009-2010 to the Investor Education and Protection Fund (IEPF) set up by the Central Government and now no claim in respect thereof lies either against the Company or the Fund.

As mandated by the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with the Company) Rules, 2013, the particulars of the shareholders whose dividend amounts have remained unpaid for the financial years 2010-11 onwards are made available on website of the Company i.e. www.donear.com. The said details are also available on the portal of Investor Education and Protection Fund at www.iepf.gov.in. Shareholders who have not encashed dividend warrants for the aforesaid period are requested to write to the Company/ RTA to claim unpaid amounts.

Attention of Members is invited to the provisions of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF rules) amended from time to time, which inter alia requires the Company to transfer the equity shares on which the dividend has remained unpaid or unclaimed for a continuous period of seven years, to the Demat account of the Investor Education and Protection Fund Authority. The said Shares, once transferred to the said Demat account of the IEPF Authority can be claimed only after following due procedure prescribed under the said IEPF rules.

In view of the above, the Company has transferred 8110 shares pertaining to 44 shareholders of the Company to the Demat Account of the IEPF Authority. The voting right on such unclaimed shares, which were transferred to the Demat Account of IEPF Authority shall remain frozen until the rightful owner claims the same.

Members are therefore requested to approach the Company's RTA to claim their unpaid shares and dividend if any.

11. Re-appointment of Director:

Mr. Ajay Agarwal retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for appointment. The information/details pertaining to the Director in terms of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

Details of Director seeking reappointment at the forthcoming Annual General Meeting on 29th September, 2018 (in terms of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

| | | |
|-------|---|--|
| (i) | Name of the Directors. | Mr. Ajay V. Agarwal |
| (ii) | Date of Birth. | 02-07-1966 |
| (iii) | Date of appointment | 01-01-1998 |
| (iv) | Experience in Specific Area | Promoter Director. He has excellent marketing skills, controlling marketing network, Organizing Sales Conferences and Seminars |
| (v) | List of other companies in which directorships held | None |

12. Voting through electronic means

In Compliance with the Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Donear Industries Limited ("the Company") is pleased to offer e-voting facility as an alternate to the postal ballot to all the shareholders of the Company. For this purpose, the Company has entered into an agreement with Central Depository Services Limited (CDSL) for facilitating e-voting to enable the shareholders to cast their votes electronically instead of dispatching duly filled postal ballot forms. E-voting is optional.

In case of members receiving e-mail:

- Log on to the e-voting website www.evotingindia.com
- Click on "Shareholders" tab.
- Now, select the Electronic Voting Sequence Number (EVSN) – "180827111" along with "Donear Industries Limited" from the drop down menu and click on "SUBMIT"
- Now enter your User ID (For CDSL: 16 digit beneficiary ID, For NSDL: 8 characters DP ID followed by 8 Digits Client ID), Members holding shares in Physical Form should enter Folio Number registered with the Company and Click on Login.
- If you are holding shares in Demat form and had logged on www.evotingindia.com and cast your vote earlier for EVSN of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.

Now, fill up the following details in the appropriate boxes:

| | For Members holding shares in Demat Form and Physical Form |
|------------------------|---|
| PAN | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/ Depository Participant are requested to use Sequence number which is printed on Address Stick indicated in the PAN field. |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the relevant <Company Name> EVSN on which you choose to vote.
- On the voting page, you will see Resolution Description and against the same the option "YES/No" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "Resolution File Link" if you wish to view the entire Resolutions.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- xvi) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <http://www.evotingindia.co.in> and register themselves as Corporate. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members receiving the Physical copy:

- a) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- b) The voting period begins on 26th September, 2018 at 9.00 a.m. and ends on 28th September, 2018 at 5.00 p.m. During this period shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date 22nd September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- d) The voting rights of shareholders shall be in proportion to their shares of the paid up capital of the Company as on the cutoff date of 22nd September, 2018.
- e) Mr. Yogesh Sharma, Practising Company Secretary (C.P.No. 12366) has been appointed as scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- f) As the voting of the Members is through electronic means, the members who do not have access to e-voting, may requisite a Physical Ballot form from the Registered office of the Company. You are required to fill in the ballot form and enclose it in sealed envelope and send it the scrutinizer so as to reach the Scrutinizer not later than 28th September, 2018 at 5.00 p.m. Ballot Form received after this date will be treated as invalid. The Scrutinizer's decision on the validity of the forms will be final. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- g) The Scrutinizer shall within a period not exceeding 2 (two) working days from the conclusion of the e-voting period unlock the votes in the presence of atleast two witnesses not in the employment of the Company and make a scrutinizer's report of the votes cast in favor or against, if any, forthwith forward to the Chairman of the Company.
- h) The results declared along with the scrutinizers report shall be placed on the Company's website www.donear.com and on the website of CDSL within 2 (two) days of passing of the resolutions.

By Order of the Board of Directors

For **Donear Industries Limited**

Company Secretary

Registered Office:
Donear House, 8th floor,
Plot No. A-50, Road No. 1,
MIDC, Andheri (East),
Mumbai – 400 093

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 32nd Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2018.

Financial Highlights

The table given below gives the financial highlights of the Company on standalone basis for the year ended 31st March, 2018 as compared to the previous financial year.

| Financial Results | 2017-18 (Rupees) | 2016-17 (Rupees) |
|---|------------------|------------------|
| Gross Revenue | 5,16,89,39,844 | 5,06,83,22,873 |
| Profit for the Year | 13,20,50,999 | 9,08,24,573 |
| Add: Balance Brought Forward | 76,27,90,721 | 68,37,93,831 |
| Less: Proposed Final Dividend | 1,04,00,000 | 1,04,00,000 |
| Less: Dividend Distribution Tax | 21,17,202 | 21,17,191 |
| Add: Remeasurements of Defined Benefit Plan | 3,25,741 | 6,89,508 |
| Balance Carried forward | 88,26,50,259 | 76,27,90,721 |

Dividend:

The Directors have recommended a dividend @ Rs. 0.20 Paise per equity share of Rs. 2/- each for the approval of Shareholders at the ensuing Annual General Meeting.

Management Discussion and Analysis:

a) Industry structure & Development:

The domestic textile industry in India is projected to reach US\$ 230 billion by 2020 as per recent IBEF (India Brand Equity Foundation) report, from estimation US\$ 150 billion in July 2017. Rising per capita income, favorable demographics and a shift in preference to branded products are likely to boost demand. Exports have been a core feature of India's textile sector. Textile and apparel exports from India are expected to increase to US\$ 82 billion by 2021 from US\$ 37 billion in 2017. The Indian Textile Industry contributes to around 10% of industry output in value terms, 2% of India's GDP and to 15% of the country's export earnings. India is also the 2nd largest producer of man-made fibre and filament globally. India is the second largest supply country with a share of 11% after China, with a share of 39%. Over 25% of the US imports in this industry originate from India. Mitigating the repercussions of currency fluctuation remains a challenge.

The textile Industry, in general, had a negative impact due to the after effects of structural transformation that took place in the form of implementation of demonetization and GST. Consumer's preference to go in for e-commerce / on-line sales and reduction in export benefits have reduced margins, thus hindering the promotion of exports.

b) Opportunities & Threats:

China's slow investment in textiles and shift to high tech industries will have a positive impact on Indian exports in the coming years.

Further, USA's withdrawal from Trans-Pacific Partnership (TPP) and chances of termination of North American Free Trade Agreement (NAFTA) between USA – Canada – Mexico for free trade will increase their cost due to application of import duties amongst their countries. Consequently, Indian industry should have opportunity to promote its own exports.

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Initiative will be taken into consideration by Government of India.

- The Union Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the powerloom sector of India.
- The Gujarat government's decision to extend its textile policy by a year is set. It is believed to attract Rs 5,000 crore (US\$ 50 billion) of more investment in sectors across the value chain. The government estimates addition till now of a million units of spindle capacity in the spinning sector and setting up of over 1,000 units in technical textiles.
- The Textile Ministry of India earmarked Rs 690 crore (US\$ 106.58 million) for setting up 21 ready made garment manufacturing units in seven states for development and modernisation of Indian Textile Sector.

India Home Textile continues to remain under the pressure of oversupply situation from domestic suppliers and we believe it will take some time for the industry to come up to optimum capacity Utilisation levels.

c) Segmental Review and Analysis:

The financial performance of our Company has been fair even though market conditions in domestic as well as export markets were weak. Due to low demand and pressure on prices, the margins have been under pressure. Demand for cotton fabrics from ready-made garment manufacturers, converters doing job works and small traders have been going down because of the cash crunch which is still persisting in textile hubs including Bhiwandi. Unless the general market improves all over the country, including small towns, the situation will remain challenging.

With a strong distribution network that addresses robust fabric demand across Tier 2 cities to Tier 6 towns, the business has consistently launched new products keeping in with the customers' needs and preferences. In FY 2017-18, it witnessed strong growth driven primarily by recovery in wholesale channel post GST stabilisation and growth in institutional category.

While your Company is attuned to judicious capital allocation strategies and sustainable growth, your Company continues to work towards achieving cost efficiencies and provide its customers the best fabric products.

d) Risks and Concerns:

GST has led to reduction in import duties across the segments, leading to a serious threat of imports from China, Indonesia, Thailand and Bangladesh. Downward revision in duty drawback rates has added to the woes of the Indian Textile sector. The poor global retail sales and slow down of business in the domestic market, are matters of concern for the industry.

The Indian cotton textile industry is expected to showcase a stable growth in FY2017-18, supported by stable input prices, healthy capacity utilisation and steady domestic demand.

However there are several challenges ahead for the Textile industry for enhancing its competitive strength and global positioning in terms of inflexible labour laws poor infrastructure competition from low cost neighbouring countries which will have to be addressed to sustain the growth momentum of the industry.

e) Outlook:

We have taken various steps to offset the challenges in the competitive business scenario by focusing on direct sales to brands / retailers, introduction of new markets, penetration in Out to Out business module by offering niche products with sustainable finishes, and reduction in product and utility costs. The focus is on cost optimization, introduction of new markets and offering of new product development with special fiber, other than cotton, with sustainable finishes.

f) Discussion on Financial performance with respect to operational performance.

During the financial year 2017 - 2018, the company earned Total Revenue of Rs. 516.89 crores as compared to Rs. 506.83 Crores in 2016-17.

The Company has achieved net Profit of Rs. 13.24 Crores as against a net profit of Rs. 9.15 Crores in the previous year. The growth in net profit is almost 50% as against the last year. The overall performance was good.

g) Human Resource Management

The Company has employee friendly HR policies and attracts the best talent in the Industry. The attrition rates are quite low. The Company's policy of providing on the job training has been instrumental in developing a good work force for the Company.

Corporate Governance Report:

As per Regulation 34(3) read with Schedule V of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, a separate section on Corporate Governance practice followed by the Company, together with a certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

Directors' Responsibility Statement:

In terms of section 134 (3) (c) of the Companies Act, 2013, Directors state that:

1. In preparation of annual accounts for the year ended 31st March, 2018, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
2. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and profit for the year ended on that date;
3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The directors have prepared the annual accounts on a going concern basis;
5. The directors have laid down proper internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and
6. The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

Extract of Annual Return:

Extract of Annual return in form MGT-9 as required under section 92 of the Companies Act 2013 is annexed as **Annexure –A** of this report

Deposits:

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

Particulars of Loans, Guarantees and Investments:

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

Directors:

Mr. Ajay V. Agarwal retires by rotation at the ensuing Annual General Meeting in terms of Section 152 of the Companies Act, 2013 and eligible for reappointment.

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

Key Managerial Personnel:

The following are the Key Managerial Personnel of the Company:

1. Mr. Ashok Agarwal : Chief Financial Officer
2. Mr. Shreedhar H.: Company Secretary

Number of Meetings of the Board:

The Board of Directors has the following committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee
4. Corporate Social Responsibility Committee
5. Risk Management Committee

The details of the Committees along with their compositions, number of meetings held and attendance at the meetings are provided in the Corporate Governance Report.

Board Evaluation:

Pursuant to the provisions of the Act and the Listing Regulations, performance evaluation of the Board, its committees, the Chairman & Managing Director and the Independent Directors were carried out. The manner in which the evaluation is carried out has been explained in the Corporate Governance Report.

Risk Management:

The Company has adopted a Risk Management Policy for the Company including identification therein the elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company. After identifying the risk and assessing the level of impact, controls are put in place to mitigate the risk by the concerned executives who are responsible to control the exposure of the risk and balance the impact of risk on a continuous basis.

Independent Directors Meeting:

During the year under review a meeting of Independent Directors was held on 6th March, 2018.

Related Party Transactions:

The Audit Committee has given prior approval for all Related Party Transactions. The Policy on Related Party Transactions as approved by the Board is uploaded on Company's Website. The Board of Directors of the Company has approved the criteria for omnibus approval of Related Party Transactions by the Audit Committee within the overall framework of the policy.

The particulars of contracts or arrangements with Related Parties referred to in Section 188(1) of the Act provided, in the prescribed Form AOC-2 annexed as **Annexure B** to this Report.

Auditors:

M/s. Kanu Doshi Associates LLP is appointed as Statutory Auditors to hold office from the conclusion of 31st Annual General Meeting to the conclusion of 34th Annual General Meeting (Subject to ratification of the appointment by the members at every Annual General Meeting). The Auditors have given their eligibility certificate in terms of Section 139 of the Companies Act, 2013.

Whistle Blower Policy:

Company has a Whistle Blower Policy to report genuine concerns or grievances. The same is explained in the Corporate Governance Report and No person has been denied access to Audit Committee.

Corporate Social Responsibility:

As a part of its initiative under the 'Corporate Social Responsibility' (CSR) drive, the Company has undertaken project in the area of rural development, Promoting health care, education etc. These projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR Policy. The report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as **Annexure C** forming part of this report.

Cost Auditors:

As per the requirement of Central Government and pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, your Company has been carrying audit of cost records relating to Textile Divisions every year. The Board of Directors, on the recommendation of the Audit Committee has appointed Y. R. Doshi & Co., (Firm Registration No. 000003) Cost Accountants, Mumbai, as Cost Auditors for undertaking Cost Audit of the Cost Records maintained by the Company for the Financial Year 2018-2019. As required under the Companies Act, 2013, a resolution seeking members approval for the remuneration payable to Cost Auditor forms part of the Notice convening Annual General Meeting for their ratification.

Secretarial Audit:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made there under the Company has appointed Mr. Yogesh Sharma, a Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as **Annexure - D** of this Report.

Particulars of Employees and related disclosure:

There are no employees drawing a monthly or yearly remuneration in excess of the limits specified by the Companies Act 2013. The Disclosure Required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as **Annexure - E** and forms an integral part of this Report.

Energy, Technology Absorption and Foreign Exchange:

Information required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and foreign exchange earnings/outgo is included in **Annexure F**

Acknowledgement:

Your Directors acknowledge the support and counsel extended by the bankers, government agencies, shareholders, investors, employees and others associated with the Company. The Directors look forward the same in future also.

For and on behalf of Board of Directors

Mumbai
30th May, 2018

Mr. Vishwanath L. Agarwal
Chairman

Annexure A

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

| | |
|--|--|
| CIN | L99999MH1987PLC042076 |
| Registration Date | 1 st January, 1987 |
| Name of the Company | Donear Industries Limited |
| Category/Sub-category of the Company | Company Limited by Shares/ Indian Non-Government Company |
| Address of the Registered office & contact details | Donear House, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093 Tel. 022 -3076 8100 Fax. 022-28370041 |
| Whether listed company | Yes |
| Name, Address & contact details of the Registrar & Transfer Agent, if any. | Link Intime India Private Limited C-101, 247 Park, L B S Marg, Vikhroli (West) Mumbai – 400 083 Tel. 4918 6000 Fax: 4918 6060 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1 | Cotton Fabrics | 5209 | 39.06% |
| 2 | Polyester Viscose Fabrics | 5515 | 41.87% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1 | N.A | N.A | N.A |

VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

A) Category wise Shareholding

| Category of Shareholders | | No. of Shares held at the beginning of the year (As on 31st March, 2017) | | | | No. of Shares held at the end of the year (As on 31st March, 2018) | | | | % Change during the year |
|---|--------------------------------|---|--------------|-----------------|-------------------|---|--------------|-----------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. | Promoters | | | | | | | | | |
| 1 | Indian | | | | | | | | | |
| a) | Individual / HUF | 29954198 | 40000 | 29994198 | 57.68 | 29986309 | 40000 | 30026309 | 57.74 | 0.06 |
| b) | Central Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) | State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) | Bodies Corporate | 8254000 | 0 | 8254000 | 15.87 | 8254000 | 0 | 8254000 | 15.87 | 0.00 |
| e) | Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) | Any other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Shareholding of Promoter (A) | | 38208198 | 40000 | 38248198 | 73.55 | 38240309 | 40000 | 38280309 | 73.62 | 0.06 |
| B. | Public Shareholding | | | | | | | | | |
| 1 | Institutions | | | | | | | | | |
| a) | Mutual Funds | 146518 | 0 | 146518 | 0.28 | 146518 | 0 | 146518 | 0.28 | 0.00 |
| b) | Banks / FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) | Central Government | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) | State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) | Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 66528 | 0 | 66528 | 0.13 | 0.13 |

| Category of Shareholders | | No. of Shares held at the beginning of the year (As on 31st March, 2017) | | | | No. of Shares held at the end of the year (As on 31st March, 2018) | | | | % Change during the year |
|--|---|---|--------------|-----------------|-------------------|---|--------------|-----------------|-------------------|--------------------------|
| | | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| h) | Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) | Others (Specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub Total (B)(1) | | 146518 | 0 | 146518 | 0.28 | 213046 | 0 | 213046 | 0.41 | 0.13 |
| 2 | Non - Institutions | | | | | | | | | |
| a) | Bodies Corporate | 4283528 | 0 | 4283528 | 8.24 | 2172774 | 0 | 2172774 | 4.18 | -4.06 |
| i) | Indian | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| ii) | Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) | Individuals | | | | | | | | | |
| i) | Individual shareholders holding nominal share capital upto Rs. 2 lakh | 4638346 | 26081 | 4664427 | 8.97 | 6569497 | 24081 | 6593578 | 12.68 | 3.71 |
| ii) | Individual shareholders holding nominal share capital in excess of Rs. 2 lakh | 3385949 | 0 | 3385949 | 6.51 | 2967991 | 0 | 2967991 | 5.71 | -0.80 |
| c | Others (Specify) | | | | | | | | | |
| | Non Resident Indian (Non Repat) | 14191 | 0 | 14191 | 0.03 | 39030 | 0 | 39030 | 0.08 | 0.05 |
| | Non Resident Indian (Repat) | 108300 | 0 | 108300 | 0.21 | 81719 | 0 | 81719 | 0.16 | -0.05 |
| | Clearing Member | 663483 | 0 | 663483 | 1.28 | 531968 | 0 | 531968 | 1.02 | -0.25 |
| | Hindu Undivided Family | 485406 | 0 | 485406 | 0.93 | 1119585 | 0 | 1119585 | 2.15 | 1.22 |
| Sub Total (B)(2) | | 13579203 | 26081 | 13605284 | 26.16 | 13482564 | 24081 | 13506645 | 25.97 | -0.19 |
| Total Public Shareholding B = (B)(1)+(B)(2) | | 13725721 | 26081 | 13751802 | 26.45 | 13695610 | 24081 | 13719691 | 26.38 | -0.06 |
| C | Shares held by Custodian for GDR's & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A+B+C) | | 51933919 | 66081 | 52000000 | 100.00 | 51935919 | 64081 | 52000000 | 100.00 | 0.00 |

B) Shareholding of Promoter

| Sr. No. | Shareholders Name | No. of Shares held at the beginning of the year (As on 31st March, 2017) | | | No. of Shares held at the end of the year (As on 31st March, 2018) | | | % Change in Shareholding during the year |
|---------|-------------------------------|---|----------------------------------|--|---|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | |
| 1 | Ajay Agarwal | 3729500 | 7.17 | 0.00 | 3729500 | 7.17 | 0.00 | 0.00 |
| 2 | Ajay Agarwal HUF | 2274000 | 4.37 | 0.00 | 2278704 | 4.38 | 0.00 | -0.01 |
| 3 | Bhavar Devi Agarwal | 2768000 | 5.32 | 0.08 | 2768000 | 5.32 | 0.08 | 0.00 |
| 4 | Donear Retail Pvt. Ltd. | 1840000 | 3.54 | 0.00 | 1840000 | 3.54 | 0.00 | 0.00 |
| 5 | Donear Synthetics Limited | 2600000 | 5.00 | 0.00 | 2600000 | 5.00 | 0.00 | 0.00 |
| 6 | Lav Kush Traders Pvt. Ltd. | 14000 | 0.03 | 0.00 | 14000 | 0.03 | 0.00 | 0.00 |
| 7 | Master Surya A. Agarwal | 3640750 | 7.00 | 0.00 | 3640750 | 7.00 | 0.00 | 0.00 |
| 8 | Neena Agarwal | 2917750 | 5.61 | 0.00 | 2917750 | 5.61 | 0.00 | 0.00 |
| 9 | R Ajaykumar Real Estate LLP | 2400000 | 4.62 | 0.00 | 2400000 | 4.62 | 0.00 | 0.00 |
| 10 | Rahul Rajendra Agarwal | 4596000 | 8.84 | 0.00 | 4596000 | 8.84 | 0.00 | 0.00 |
| 11 | Rajendra Agarwal | 3846000 | 7.40 | 0.00 | 3856814 | 7.42 | 0.00 | -0.02 |
| 12 | Rajendra Synthetics Pvt. Ltd. | 1040000 | 2.00 | 0.00 | 1040000 | 2.00 | 0.00 | 0.00 |
| 13 | Rajendra Agarwal HUF | 1288000 | 2.48 | 0.00 | 1288000 | 2.48 | 0.00 | 0.00 |

| Sr. No. | Shareholders Name | No. of Shares held at the beginning of the year (As on 31st March, 2017) | | | No. of Shares held at the end of the year (As on 31st March, 2018) | | | % Change in Shareholding during the year |
|---------|------------------------|---|----------------------------------|--|---|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | |
| 14 | Sonia Synthetics LLP | 360000 | 0.69 | 0.00 | 360000 | 0.69 | 0.00 | 0.00 |
| 15 | Umadevi Agarwal | 1850000 | 3.56 | 0.00 | 1850000 | 3.56 | 0.00 | 0.00 |
| 16 | Vishwanath Agarwal | 1934198 | 3.72 | 0.00 | 1948291 | 3.75 | 0.00 | -0.03 |
| 17 | Vishwanath Agarwal HUF | 1150000 | 2.21 | 0.00 | 1152500 | 2.22 | 0.00 | 0.00 |

C) Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | Particulars | Shareholding at the beginning of the year | % of total Shares of the Company | Date | Increase/Decrease in Shareholding | Reason | Cumulative Shareholding during the year | % of total Shares of the Company |
|---------|-------------------------------|---|----------------------------------|------------|-----------------------------------|----------|---|----------------------------------|
| 1 | Vishwanath Agarwal | 1934198 | 3.72 | | | | 1934198 | 3.72 |
| | | | | 22-03-2018 | 14093 | Purchase | 1948291 | 3.75 |
| | At the end of the year | | | | | | 1948291 | 3.75 |
| 2 | Vishwanath Agarwal HUF | 1150000 | 2.21 | | | | 1150000 | 2.21 |
| | | | | 06-02-2018 | 2500 | Purchase | 1152500 | 2.22 |
| | At the end of the year | | | | | | 1152500 | 2.22 |
| 3 | Ajay Agarwal HUF | 2274000 | 4.37 | | | | 2274000 | 4.37 |
| | | | | 06-02-2018 | 4704 | Purchase | 2278704 | 4.38 |
| | At the end of the year | | | | | | 2278704 | 4.38 |
| 4 | Rajendra Agarwal | 3846000 | 7.40 | | | | 3846000 | 7.40 |
| | | | | 20-03-2018 | 5814 | Purchase | 3851814 | 7.41 |
| | | | | 21-03-2018 | 5000 | Purchase | 3856814 | 7.42 |
| | At the end of the year | | | | | | 3856814 | 7.42 |
| 5 | Ajay Agarwal | 3729500 | 7.17 | | No Change | | 3729500 | 7.17 |
| 6 | Bhavar Devi Agarwal | 2768000 | 5.32 | | No Change | | 2768000 | 5.32 |
| 7 | Donear Retail Pvt. Ltd. | 1840000 | 3.54 | | No Change | | 1840000 | 3.54 |
| 8 | Donear Synthetics Limited | 2600000 | 5.00 | | No Change | | 2600000 | 5.00 |
| 9 | Lav Kush Traders Pvt. Ltd. | 14000 | 0.03 | | No Change | | 14000 | 0.03 |
| 10 | Master Surya A. Agarwal | 3640750 | 7.00 | | No Change | | 3640750 | 7.00 |
| 11 | Neena Agarwal | 2917750 | 5.61 | | No Change | | 2917750 | 5.61 |
| 12 | R Ajaykumar Real Estate LLP | 2400000 | 4.62 | | No Change | | 2400000 | 4.62 |
| 13 | Rahul Rajendra Agarwal | 4596000 | 8.84 | | No Change | | 4596000 | 8.84 |
| 14 | Rajendra Synthetics Pvt. Ltd. | 1040000 | 2.00 | | No Change | | 1040000 | 2.00 |
| 15 | Rajendra Agarwal HUF | 1288000 | 2.48 | | No Change | | 1288000 | 2.48 |
| 16 | Sonia Synthetics LLP | 360000 | 0.69 | | No Change | | 360000 | 0.69 |
| 17 | Umadevi Agarwal | 1850000 | 3.56 | | No Change | | 1850000 | 3.56 |

D) Shareholding Pattern of top ten Shareholders : (Other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr No | For each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total Shares of the Company | No. of Shares | % of total Shares of the Company |
| 1 | Manju Devi Kejriwal | 635800 | 1.22 | 631837 | 1.22 |
| 2 | Renu Agarwal | 565216 | 1.09 | 565216 | 1.09 |
| 3 | Rajesh Suresh Agarwal | 560360 | 1.08 | 560360 | 1.08 |
| 4 | Futurage Corporate Care Private Limited | 394182 | 0.76 | 394182 | 0.76 |
| 5 | Karvy Stock Broking Ltd. F-O Margin | 703287 | 1.35 | 292504 | 0.56 |
| 6 | Santosh Sitaram Goenka | 289989 | 0.56 | 289989 | 0.56 |
| 7 | Suresh Kumar Bhageria HUF | 0 | 0.00 | 245000 | 0.47 |
| 8 | Global Capital Market Ltd. | 227367 | 0.44 | 224526 | 0.43 |
| 9 | Sunita Santosh Goenka | 216768 | 0.42 | 216768 | 0.42 |
| 10 | Deepakkumar Vishwambharlal Bhageria | 0 | 0.00 | 200000 | 0.38 |

E) Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | % of total Shares of the Company | Date | Increase/Decrease in Shareholding | Reason | Cumulative Shareholding during the year | % of total Shares of the Company |
|---------|--|---|----------------------------------|------------|-----------------------------------|----------|---|----------------------------------|
| 1 | Mr. Vishwanath Agarwal | | | | | | | |
| | At the beginning of the year | 1934198 | 3.72 | | | | 1934198 | 3.72 |
| | | | | 22-03-2018 | 14093 | Purchase | 1948291 | 3.75 |
| | At the end of the year | | | | | | 1948291 | 3.75 |
| 2 | Mr. Rajendra Agarwal | | | | | | | |
| | At the beginning of the year | 3846000 | 7.40 | | | | 3846000 | 7.40 |
| | | | | 20-03-2018 | 5814 | Purchase | 3851814 | 7.41 |
| | | | | 21-03-2018 | 5000 | Purchase | 3856814 | 7.42 |
| | At the end of the year | | | | | | 3856814 | 7.42 |
| 3 | Mr. Ajay Agarwal | | | | | | | |
| | At the beginning of the year | 3729500 | 7.17 | | | | | |
| | At the end of the year | | | | | | 3729500 | 7.17 |
| 4 | Mr. Shreedhar Hirimbi | | | | | | | |
| | At the beginning of the year | 200 | 0.00 | | | | | |
| | At the end of the year | | | | | | 200 | 0.00 |
| 5 | Mr. Ashok Agarwal | | | | | | | |
| | At the beginning of the year | 0 | 0.00 | | | | | |
| | At the end of the year | | | | | | 0 | 0.00 |

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Rs. in Lacs)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtness |
|--|----------------------------------|-----------------|-------------|------------------|
| Indebtness at the beginning of the financial year | | | | |
| i) Principal Amount | 23942.51 | 2496.9 | 0.00 | 26439.41 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (i+ii+iii) | 23942.51 | 2496.9 | 0.00 | 26439.41 |
| Change in Indebtness during the financial year | | | | |
| * Addition | 2404.87 | 1555.55 | 0.00 | 3960.42 |
| * Reduction | 0 | 0.00 | 0 | 0.00 |
| Net Change | 2404.87 | 1555.55 | 0.00 | 3960.42 |
| Indebtness at the end of the financial year | | | | |
| i) Principal Amount | 26347.38 | 4052.45 | 0 | 30399.83 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0.00 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0.00 |
| Total (i+ii+iii) | 26347.38 | 4052.45 | 0.00 | 30399.83 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in Lacs)

| Sr. No. | Particulars | Name of MD /WTD/ Manager | | | Amount |
|---------|---|--------------------------|------------------|-----------------------|--------------|
| | | MD | WTD | Professional Director | |
| | | Mr. Rajendra V. Agarwal | Mr. Ajay Agarwal | Mr. Anup Kumar Singh | |
| 1 | Gross Salary | | | | |
| a | Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 28.03 | 10.51 | 10.24 | 48.78 |
| b | Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 0 | 0 | 0 | 0 |
| c | Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 0 | 0 | 0 | 0 |
| 2 | Stock Option | 0 | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 | 0 |
| 4 | Commission | 0 | 0 | 0 | 0 |
| | as % of profit | 0 | 0 | 0 | 0 |
| | Others specify | 0 | 0 | 0 | 0 |
| 5 | Others please specify | 0 | 0 | 0 | 0 |
| | Total (A) | 28.03 | 10.51 | 10.24 | 48.78 |

B. Remuneration to other directors

(Rs. in Lacs)

| Sr. No. | Particulars | Name of Directors | | | | Amount |
|---------|--|--------------------------------|------------------------------|------------------------------|------------------------------|-------------|
| 1 | Independent Directors | Mr. Durgaprasad Agarwal | Mr. Santkumar Agarwal | Mr. Rajagopal Sivaraj | Mrs. Medha Pattanayak | |
| | Fee for attending board committee meetings | 0.08 | 0.08 | 0.02 | 0.04 | 0.22 |
| | Commission | 0 | 0 | 0 | 0 | 0.00 |
| | Others please specify | 0 | 0 | 0 | 0 | 0.00 |
| | Total (1) | 0.08 | 0.08 | 0.02 | 0.04 | 0.22 |
| 2 | Other Non-executive Directors | Mr. Vishwanath Agarwal | | | | |
| | Fee for attending board committee meetings | 0.04 | 0.00 | 0.00 | 0.00 | 0.04 |
| | Commission | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Others please specify | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Total (2) | 0.04 | 0.00 | 0.00 | 0.00 | 0.04 |
| | Total (B) = (1+2) | 0.12 | 0.08 | 0.02 | 0.04 | 0.26 |

C. Remuneration to key managerial personnel other than MD/Manager/WTD

(Rs. in Lacs)

| Sr. No. | Particulars of Remuneration | Key Managerial Personnel | | Amount |
|--------------|---|--------------------------|-------------------------|--------------|
| | | Company Secretary | Chief Financial Officer | |
| | | Mr. Sreedhar Hirimbi | Mr. Ashok Agarwal | |
| 1 | Gross Salary | | | |
| a | Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 2.23 | 16.44 | 18.67 |
| b | Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 0 | 0 | 0.00 |
| c | Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | 0 | 0 | 0.00 |
| 2 | Stock Option | 0 | 0 | 0.00 |
| 3 | Sweat Equity | 0 | 0 | 0.00 |
| 4 | Commission | 0 | 0 | 0.00 |
| | as % of profit | 0 | 0 | 0.00 |
| | Others specify | 0 | 0 | 0.00 |
| 5 | Others please specify | 0 | 0 | 0.00 |
| Total | | 2.23 | 16.44 | 18.67 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type | | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment / Compounding fees imposed | Authority [RD/NCLT/ COURT] | Appeal made, if any give details |
|--------------------------------------|-------------|------------------------------|-------------------|---|----------------------------|----------------------------------|
| A. COMPANY | | | | | | |
| | Penalty | - | - | - | - | - |
| | Punishment | - | - | - | - | - |
| | Compounding | - | - | - | - | - |
| B. COMPOUNDING | | | | | | |
| | Penalty | - | - | - | - | - |
| | Punishment | - | - | - | - | - |
| | Compounding | - | - | - | - | - |
| C. OTHERS OFFICERS IN DEFAULT | | | | | | |
| | Penalty | - | - | - | - | - |
| | Punishment | - | - | - | - | - |
| | Compounding | - | - | - | - | - |

Annexure B

Form No. AOC-2

(Pursuant to clause (h) of sub-section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third provision thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis

- (a) Name(s) of the related party and nature of relationship – NIL
- (b) Nature of contracts/arrangements/transactions – NIL
- (c) Duration of the contracts/ arrangements/transactions – NIL
- (d) Salient terms of the contracts or arrangements or transactions including the value, If any
- (e) Justification for entering into such contracts or arrangements or transactions – NIL
- (f) Date of approval by the Board – NIL
- (g) Amount paid as advances, if any – NIL
- (h) Date on which the Special resolution was passed in general meeting as required under first provision to section 188 – NIL

2. Details of material contracts or arrangement or transactions at arm's length basis:

| Sr. No. | Name(s) of the related party | Nature of Relationship | Nature of Contacts/arrangements/ transactions | Duration of transactions | Sailent items of the contracts or arrangements or transactions including the value, if any | Date(s) of approval by the Board, if any | Amount paid as advances, if any |
|---------|------------------------------|--|---|--------------------------|--|--|---------------------------------|
| 1 | Donear Synthetics Limited | Mr. Vishwanath Agarwal is a Director | Sale of Goods | 01-04-2017 to 31-03-2018 | Value of transactions = Rs. 2,46,568/- | 30th May, 2017 | Nil |
| 2 | Neptune Fabs | Mr. Vishwanath Agarwal, Mr. Rajendra Agarwal and Mr. Ajay Agarwal are interested | Leasing or property, Purchase of Goods and Other recovery of Expenses | 01-04-2017 to 31-03-2018 | Value of transactions = Rs. 76,31,004/- | 30th May, 2017 | Nil |
| 3 | Venus Textiles | Mr. Vishwanath Agarwal, Mr. Rajendra Agarwal and Mr. Ajay Agarwal are interested | Leasing or property, Purchase of Goods and Other recovery of Expenses | 01-04-2017 to 31-03-2018 | Value of transactions = Rs. 1,43,05,193/- | 30th May, 2017 | Nil |
| 3 | Lotus Fabrics | Mr. Vishwanath Agarwal, Mr. Rajendra Agarwal and Mr. Ajay Agarwal are interested | Leasing or property, Purchase of Goods and Other recovery of Expenses | 01-04-2017 to 31-03-2018 | Value of transactions = Rs. 1,01,27,707/- | 30th May, 2017 | Nil |
| 4 | Mercury Industries | Mr. Vishwanath Agarwal, Mr. Rajendra Agarwal and Mr. Ajay Agarwal are interested | Leasing or property, Purchase of Goods and Other recovery of Expenses | 01-04-2017 to 31-03-2018 | Value of transactions = Rs. 1,36,86,406/- | 30th May, 2017 | Nil |
| 5 | OCM Private Limited | Mr. Rajendra Agarwal is a Director | Sale of Goods & Fixed Assets, Purchase of Goods | 01-04-2017 to 31-03-2018 | Value of transactions = Rs. 96,62,258/- | 30th May, 2017 | Nil |
| 6 | GBTL Limited | Mr. Rahul Agarwal, son of Mr. Rajendra Agarwal is a Director | Sale of Goods & Fixed Assets, Purchase of Goods | 01-04-2017 to 31-03-2018 | Value of transactions = Rs. 12,50,57,577/- | 30th May, 2017 | Nil |

for and on behalf of the Board of Directors

Place: Mumbai
Date: 30th May, 2018

Mr. Vishwanath Agarwal
Chairman

Annexure C

Annual Report on CSR activities

1. Brief outline of Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and Projects or programs.

The Policy outlines the Company's responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking activities for welfare and sustainable development of the community at large.

The core elements of CSR is the continuing commitment by business to ethical principles, protection of human rights and care for the environment, while improving the quality of life of all the stakeholders including the local community and society at large.

It is Company's conscious strategy to design and implement Social Investments/CSR programs, by enriching value chains that encompass the disadvantaged sections of society, especially those residing in rural India, through economic empowerment based on grass-root capacity building.

This Policy shall apply to all CSR initiatives and activities taken up for the benefit of different segments of the society, especially the deprived, under privileged and differently abled persons.

The CSR Policy provides an overview of the projects or programs, which are proposed to be undertaken by the Company in the coming years.

The full text of the CSR Policy is posted on the website of the Company viz www.donear.com

2. Composition of CSR Committee:

3. 'Corporate Social Responsibility Committee' comprising of following directors was constituted on 14th February, 2015:

Mr. Durgaprasad Agarwal – Chairman Independent Director

Mr. Santkumar Agarwal – Member Independent Director

Mr. Rajendra Agarwal – Member Promoter & Executive Director

During the year under report, the Committee met on 16th March, 2018

4. Net Profits of the Company for the last three financial years. – Rs.24,24,15,373/-

Average Net Profit: Rs. 8,08,05,124/-

5. Prescribed CSR expenditure (two percent of the amount as in item 3 above).

The Company is required to spend Rs. 16,16,102/- towards CSR activities in the Financial Year 2017-2018.

Details of CSR activities/projects undertaken during the year.

a. Total amount to be spent for the year : Rs. 16,16,102/-

b. Amount Spent during the year as follows:

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---------|----------------------------------|--|--|--|--|--|--|
| Sr. No. | CSR Project /activity identified | Sector in which the project is covered | Projects/Programmes | Amount Outlay (budget) Project/ programme wise | Amount spent on the project/ programme Subheads: | Cumulative spent upto the reporting period | Amount Spent: Direct/ through implanting agency* |
| | | | 1 Local area/ others- | | 1 Direct expenditure of project | | |
| | | | 2 Specify state/district (Name of the District/s, State/s where project / programme was undertaken | | 2 Overheads | | |
| 1 | Promoting Education | | Mumbai, Maharashtra | 2,100,000 | 2,100,000 | 2,100,000 | 2,100,000 |
| | | | Total | 2,100,000 | 2,100,000 | 2,100,000 | 2,100,000 |

6. In case the Company fails to spend the 2% of the Average Net profit of the last three financial years, the reasons for not spending the amount shall be stated in the Board Report – Not Applicable.

7. The Chairman of the CSR Committee has given a responsibility statement on behalf of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the Company.

For Donear Industries Limited

Vishwanath L. Agarwal
Chairman

For Donear Industries Limited

Durgaprasad Agarwal
Chairman of CSR Committee

Annexure D

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
DONEAR INDUSTRIES LIMITED,
Donear House, 8th Floor,
Plot No. A - 50 Road No. 1, MIDC,
Andheri (East), Mumbai - 400093

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DONEAR INDUSTRIES LIMITED, (CIN - L99999MH1987PLC042076)**, (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year 31st March, 2018 ('Audit Period') except otherwise stated in this report has generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2018 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit period**);
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not applicable to the Company during the Audit period**);
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008(**Not applicable to the Company during the Audit period**);
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(**Not applicable to the Company during the Audit period**);
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998(**Not applicable to the Company during the Audit period**);
- VI. On examination of the relevant documents and records on test-check basis, the Company has generally complied with the following laws applicable specifically to the Company:
 - Factories Act, 1948
 - Acts under Prevention and Control of pollution
 - I have also examined compliance with the applicable clauses of the following:
 - i. Secretarial Standards issued by The Institute of Company Secretaries of India.
 - ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review and as per representations and clarifications made, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or committee of the Board as the case may be.

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

Further the Company has not taken any other actions or entered into events having a major bearing on the company's affairs in above referred laws, rules, regulations, guidelines, standards, etc.

YOGESH M. SHARMA

ACS: 33235

C. P: 12366

Place: Mumbai

Date: May 30, 2018

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

APPENDIX A

To,

The Members,

DONEAR INDUSTRIES LIMITED,

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the Secretarial records. The verification was one on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
4. Whenever required, we have obtained the Management Representation about the Compliance of laws, rules and regulations and happenings of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of the management. Our examination was limited to the verification of procedure on the test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

YOGESH M. SHARMA

ACS: 33235

C. P: 12366

Place: Mumbai

Date: May 30, 2018

Annexure E

PARTICULARS UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-2018:

| <u>Name of the Director</u> | <u>Ratio</u> |
|--|--------------|
| Mr. Rajendra Agarwal (Managing Director) | 601% |
| Mr. Ajay Agarwal (Whole Time Director) | 225% |

Other Directors of the Company are paid only sitting fees which are not considered as remuneration.

- (ii) The percentage increase / decrease in the remuneration of each Director, Chief Financial Officer and Company Secretary or manager in the Financial Year 2017-2018:

| <u>Name</u> | <u>% increase/ (decrease)</u> |
|--|-------------------------------|
| Mr. Rajendra Agarwal (Managing Director) | Nil |
| Mr. Ajay Agarwal (Whole Time Director) | Nil |
| Mr. Ashok Agarwal (Chief Financial Officer) | 9.24% |
| Mr. Shreedhar Hirimbi (Company Secretary) | 15.37% |
| Mr. Anup Kumar Singh (Executive Professional Director) | Nil |

Other Directors of the Company are paid only sitting fees which are not considered as remuneration.

- (iii) The percentage increase in the median remuneration of employees in the Financial Year: 5.01%
- (iv) The number of permanent employees on the rolls of the Company: There were 733 employees on the rolls as on March 31, 2018
- (v) The explanation on the relationship between average increase in remuneration and Company performance: The Company's turnover increased by 2.99% against the increase in median remuneration is 5.01%. This was based on Industry benchmarking, consideration towards cost of living adjustments /inflation rate and attrition factor.
- (vi) Comparison of the remuneration of the Key Managerial Personnel(KMP) against the performance of the Company:
The revenue growth in Financial Year 2017-2018 against Financial Year 2016-2017 was 2.99%. The aggregate increase in remuneration of the KMPs was 2.88% during the Financial Year 2017 -2018.
- (vii) Variations in the market capitalization of the company, price earnings ratios as at the closing date of the current Financial Year and previous Financial Year:
Our market capitalization was Rs. 260.52 Crores as at March 31, 2018 as against Rs. 410.02 Crores as at March 31, 2017 (based on share prices quoted on the BSE).The Price Earnings Ratio was 19.72:1 as at March 31, 2018 as compared to 45.06:1 as at March 31, 2017 (without exceptional items).
- (viii) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: Average increase in managerial remuneration is 1.49% for employees other than Managerial Personnel and 68.16% for Managerial Personnel.
- (ix) Comparison of remuneration of each Key Managerial Personnel against the performance of the Company:

| <u>Particulars</u> | <u>Remuneration as a % of standalone turnover for Financial Year ended March 31, 2018</u> |
|--|---|
| Mr. Rajendra Agarwal (Managing Director) | 0.05% |
| Mr. Ajay Agarwal (Whole Time Director) | 0.02% |
| Mr. Ashok Agarwal (Chief Financial Officer) | 0.04% |
| Mr. Shreedhar Hirimbi (Company Secretary) | Nil |
| Mr. Anup Kumar Singh (Executive Professional Director) | 0.02% |

- (x) The ratio of the remuneration of the highest paid Director to that of that employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:
There were four employees who have received remuneration in excess of the highest paid Director and the ratio stands at 4: 1.
- (xi) Affirmation that the remuneration is as per the Remuneration Policy of the Company: Yes

Annexure F

Energy, Technology Absorption and Foreign Exchange:

Information required under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and Foreign Exchange earnings/outgo Conservation of Energy:

A. Conservation of Energy:

| | | |
|-----|---|---|
| (a) | Energy conservation measures taken | Regular monitoring of consumption, optimization of production facility, proper maintenance of machines |
| (b) | Additional investments and proposals if any, being implemented for reduction of consumption of energy | Nil |
| (c) | Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods. | Improvement in quality and efficiency in production. |
| (d) | Total energy consumption in units | Total Energy Consumption of 30162345 Units. |
| (e) | Consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto. | 0.52 per unit of Fabric Production 1.32 per unit of Yarn Dyeing Production 0.20 per unit of Fabric Processing |

B. Technology absorption:

(a) Efforts made in technology absorption as per Form B of the Annexure : At present not required.

C. Foreign exchange earnings and outgoing:

| | | | |
|-----|--|--|-----------------|
| (a) | Activities relating to exports, initiatives taken to increase exports, development of new export markets for production and services and export plans. | The Company is regularly developing new designer suiting and shirting fabrics as per latest trends in markets to export all over the world especially to the new markets. The Company has also taken initiative in exporting cotton fabrics. | |
| (b) | Total foreign exchange used and earned | Used : | |
| | | C.I.F. value of imports | Rs. 55.74 Lacs |
| | | Expenses in foreign currency | Rs. 252.43 Lacs |
| | | Earned : | |
| | | FOB | Rs. 585.86 Lacs |

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY

Donear Industries Limited ("the Company") strives to follow the best corporate governance practices, develop best policies, guidelines, communicate and train all its employees in order to foster a culture of compliance and obligation at every level of the organization. The Company is in compliance with the provisions of Corporate Governance specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations").

The Company is committed to meet the expectations of stakeholders as a responsible corporate citizen. The Company believes in the fundamental principles and rules concerning ethical business conduct. We, at Donear Industries Limited, believe that for a Company to succeed, it must maintain global standards of corporate conduct towards employees, customers and society.

The Company has adopted code of conduct for its employees including Managing Directors, Executive Directors and also for Independent Directors of the Company. The Managing Director has given declaration to the effect that all Directors and Senior Management Personnel of the Company have given their affirmation of Compliance of code of conduct.

At Donear Industries Limited, we view Corporate Governance in its widest sense, almost like a trusteeship. Corporate Governance is not simply a matter of creating checks and balances: it is about creating an outperforming organization. The primary objective is to create and adhere to corporate culture of conscience and consciousness, transparency and openness; and to develop capabilities and identify opportunities that best serve the goal of value creation. Good governance is an integral part of Donear Industries Limited Management, in its pursuit of excellence, growth and value creation with a clear focus on its employees, customers, shareholders and the community at large – its stakeholders, beyond the metric of stock market and market capitalization..

2. RIGHTS AND ROLE OF THE STAKEHOLDERS

The Company believes in protecting the rights of the shareholders. It ensures adequate and timely disclosure of all information to the shareholders in compliance with the applicable laws. Shareholders are furnished with sufficient and timely information concerning the general meetings, issues to be discussed thereat and rules regarding holding and conducting the general meetings. All shareholders are treated equitably. The Company recognizes the rights of the stakeholders who are provided opportunity to obtain effective redressal for violation of their rights. Keeping the same in view, the Company has laid down an effective whistle blower policy enabling stakeholders, including employees to freely communicate their concerns about illegal or unethical practices.

3. BOARD OF DIRECTORS

a) Composition and Category of Directors

The Board of Directors of the company have an optimum combination of Executive, Non-Executive and Independent Directors who represents the optimum mix of professionalism, knowledge and experience. The Board's composition is in accordance with the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on 31st March, 2018 The Board of the Company comprises Eight Directors - Three Executive Directors and Five Non-Executive Directors, of whom four are Independent Directors. The Chairman of the Board is a Non-Executive Promoter Director.

The names and categories of the directors on the board, their attendance at board meetings held during the year and the number of directorships and committee chairmanships/ memberships held by them in other public companies as on 31st March, 2018 are given herein below.

Directors' Attendance Record and Directorship / Committee Membership / Chairmanship held as on 31.03.2018

| Name of Director | Executive / Non-Executive / Independent | Relation ship with Other Directors | Board Meetings attended during the year | Whether attended last AGM | Director-ships* including Donear Industries Limited) | Committee Position (Including Donear Industries Limited) | |
|--|---|---|---|---------------------------|--|--|--------|
| | | | | | | Chairman | Member |
| Mr. Vishwanath L. Agarwal –Chairman | Non-Executive & Promoter | Father of Mr. Rajendra Agarwal and Mr. Ajay Agarwal | 4 | Yes | 2 | - | - |
| Mr. Rajendra Agarwal - Managing Director | Executive | Son of Mr. Vishwanath L. Agarwal | 4 | No | 1 | - | - |
| Mr. Ajay Kumar Agarwal - Whole Time Director | Executive | Son of Mr. Vishwanath L. Agarwal | 4 | Yes | 1 | - | - |
| Mr. Santkumar Agarwal | Non-Executive & Independent | None | 4 | No | 1 | 1 | 3 |
| Mr. Durgaprasad Agarwal | Non-Executive & Independent | None | 4 | Yes | 1 | 3 | 1 |
| Mr. Sivaraj Rajagopal | Non-Executive & Independent | None | 1 | No | 1 | - | 4 |
| Mrs. Medha Pattanayak | Non-Executive & Independent | None | 4 | No | 1 | - | - |
| Mr. Anup Kumar Singh | Executive & Professional | None | 1 | No | 1 | - | - |

- Number of Directorships/memberships and Committee position held in other companies excludes directorship/member in Private Limited Companies, Foreign Companies and Companies under section 8 of the Companies Act, 2013 and includes Audit Committee, Stakeholders Relationship Committee in Public Limited Companies including Donear Industries Limited.

a) Details of shares and convertible instruments held by Non-Executive Directors:

| Name of Non- Executive Director | No. of Shares | % of Shareholding |
|---------------------------------|----------------|-------------------|
| Mr. Vishwanath Agarwal | 1948291 shares | 3.75% |
| Mr. Durgaprasad Agarwal | Nil | Nil |
| Mr. Santkumar Agarwal | 13550 Shares | 0.02% |
| Mr. Rajagopal Sivaraj | Nil | Nil |
| Mrs. Medha Pattanayak | Nil | Nil |

b) Appointment / Reappointment of Directors:

Mr. Ajay V. Agarwal retired and reappointed by rotation.

c) Independent Directors

The Independent Directors of the Company fully meet the requirements laid down under Regulation 17 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015:

An independent director in relation to a company, means a non executive director other than a nominee director of the Company,

- Who in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
 - (i) is or was not a promoter of the Company or its holding, subsidiary or associate Company;
 - (ii) is not related to promoters or directors in the Company, its holding, subsidiary or associate Company;
- Apart from receiving directors remuneration who has or had no material pecuniary relationship with the Company, its holding, subsidiary or associate company or their promoters or directors, during the two immediately preceding financial years or during the current financial year;
- None of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate company or their promoters or directors amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or current financial year;
- Who neither himself nor any of his relatives –
 - (i) holds or has held the position of Key Managerial Personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of-
 - (a) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company or its holding, subsidiary or associate company; or
 - (b) Any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten percent or more of the gross turnover of such firm;
- Holds together with his relatives two per cent or more of the total voting power of the company; or
- Is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty five percent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company;
- Is a material supplier, service provider or a customer or a lessor or lessee of the company;
- Who is not less than 21 years of age.

The **tenure** of the Independent Directors is fixed in accordance with the requirements laid down in the Companies Act, 2013 and clarifications / circulars issued by the Ministry of Corporate Affairs, in this regard, from time to time.

All the Independent Directors have furnished a declaration that he/she meets the criteria of independence as laid down in Section 152 of the Companies Act, 2013. The Company has provided the appointment letter to Independent Directors along with code for independent directors which are also available on the Company's website.

c) Performance Evaluation of Directors

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Non Executive Directors. The parameters of performance evaluation of the Non Executive Directors will capture the following points:

- Attendance at meetings of the Board and Committee thereof,
- Participation in Board meetings or Committee thereof,
- Contribution to strategic decision making,
- Review of risk assessment and risk mitigation,
- Review of financial statements, business performance, and
- Contribution to the enhancement of brand image of the Company.

d) Separate meetings of the Independent Directors

The Independent Directors held a Meeting on 6th March, 2018, without the attendance of Executive Directors and members of Management. At the Meeting, they:

- (i) reviewed the performance of non-independent directors and the Board as a whole;
- (ii) assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- (iii) Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

e) Familiarization Programme for Independent Directors:

Whenever any person joins the Board of the Company as an Independent Director, an induction programme is arranged. The Company conduct programmes/presentations periodically to familiarize the Independent Directors with the nature of industry, business model, strategy, operations, functions of the Company & role, rights and responsibilities of Independent Directors through its Executive Directors or Senior Management Personnel.

The details of such familiarization programmes have been disclosed on the Company's website at www.donear.com

4. BOARD MEETINGS

- a)** The Board meets at least four times in a year with a maximum time gap of one hundred and twenty days between two Board Meetings as per Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The meeting of the Board of Directors/Committees is held in Mumbai. The Board meets at least once in a quarter interalia to review the quarterly performance and financial results and review compliance reports pertaining to all applicable laws. A total of four Board Meetings were held during the year 2017-2018 on the following dates: 30th May, 2017, 13th September, 2017, 14th December, 2017, 14th February, 2018.

The Board is apprised and informed of all the important matters relating to the business of the Company including those information as prescribed in Schedule II (Part A & B) of Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Managing Director finalizes the items to be included in the agenda of the meeting and the same is sent to the members of the Board well in advance along with the relevant details and explanatory notes wherever required.

The Board of Directors are satisfied with the plans for orderly succession for appointment of Board of Directors and senior management. Also, the Board of Directors has laid down code of conduct for the Board and senior management which is available on the website of the Company. The Company has laid down the procedures for intimating the risk assessment and minimization procedures to the Board of Directors and the Board of Directors are responsible for framing, implementing and monitoring the risk management plan for the Company.

Information Supplied to the Board / Committees

Among others, information supplied to the Board/Committees includes:

- Annual operating plans and budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results of the Company and its operating divisions or business segments.
- Minutes of the Meetings of the audit committee and all other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal, if any, of Chief Financial Officer and Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order, which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards royalty, goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature of investments, assets which are not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-Compliance status of any regulatory, statutory nature or listing requirements and shareholders' service, such as non-payment of dividend, delay in share transfer etc.
- Compliance with all the laws as applicable to the Company.

b) GENERAL MEETINGS

I) Annual General Meetings held during last three years

| Financial year | Date | Time | Venue | Details of Special Resolution Passed |
|----------------|------------|------------|--|---|
| 2014-2015 | 26.09.2015 | 11.30 a.m. | Donear House, 9 th floor, Plot no. A-49/50, Marol Industrial Area, MIDC, Andheri (East), Mumbai – 400 093 | a. To create securities in favour of Lenders u/s 180(1)(c) of the Companies Act, 2013 b. Borrowing limits of the Company u/s 180(1) (c) of the Companies Act, 2013 |
| 2015-2016 | 24.09.2016 | 11.30 a.m. | Donear House, 9 th floor, Plot no. A-49/50, Marol Industrial Area, MIDC, Andheri (East), Mumbai – 400 093 | No Special Resolution |
| 2016-2017 | 23.09.2017 | 11.30 a.m. | Donear House, 9 th floor, Plot no. A-49/50, Marol Industrial Area, MIDC, Andheri (East), Mumbai – 400 093 | No Special Resolution |

A) Extraordinary General Meeting:

No Extraordinary General Meeting of the members was held during the year.

B. Postal Ballot:

- During the year under review, no resolution was passed through the postal ballot.
- There is no immediate proposal for passing any resolution through Postal Ballot. None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.

BOARD COMMITTEES

None of the Directors on the Board is a Member of more than ten (10) Committees and none is a Chairman of more than five (5) Committees across all the Indian Public Limited Companies in which they are Directors. All the Directors have made necessary disclosures regarding Committee positions held by them in other Companies.

The Board has constituted the following committees of Directors:-

- Audit Committee.
- Nomination and Remuneration Committee.
- Stakeholders Relationship Committee.
- Risk Management Committee
- Corporate Social Responsibility Committee

i) AUDIT COMMITTEE

a) Terms of Reference

Terms of Reference, role and scope of the Audit Committee are in line with those prescribed by Clause 49 of the Listing Agreement and the corresponding Regulation 18(3) read with Part C of Schedule II of the Listing Regulations, 2015. The Company has also complied with the provisions of Section 177 of the Companies Act, 2013 read with the Rules framed thereunder pertaining to the Audit Committee and its functioning.

Composition & Meeting Attended

The Audit Committee comprises of three Non-Executive Independent Directors including the Chairman of the Audit Committee. During the period under review, the audit committee met four times on 30th May, 2017, 13th September, 2017, 14th December, 2017 and 14th February, 2018. The details of the members of Audit Committee and meeting attended by them are as under:

| Name of the Directors | Category | Designation | No. of Meetings attended |
|-------------------------|--------------------------------|-------------|--------------------------|
| Mr. Durgaprasad Agarwal | Non- Executive and Independent | Chairman | 4 |
| Mr. Santkumar Agarwal | Non- Executive and Independent | Member | 4 |
| Mr. Rajagopal Sivaraj | Non- Executive and Independent | Member | 1 |

The Board has designated Company Secretary to act as Secretary of the Audit Committee. The members of the Audit Committee are financially literate. The Chairman of the Audit Committee was present at the last Annual General Meeting.

b) Power of Audit Committee

The Audit Committee has the following powers:

- To investigate any activity within the terms of reference
- To seek information from any employee
- To obtain outside legal or other professional advice
- To secure attendance of outside with relevant expertise, if considered necessary.

c) Role of Audit Committee

- (i) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (ii) Recommending the Board, the appointment, re-appointment and if required replacement or removal of Statutory Auditors and fixation of Audit fees.
- (iii) Approval of payment to Statutory Auditors for any other services rendered by Statutory Auditors.
- (iv) Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required being included in Directors' Responsibility statement to be included in the Board's Report in terms of Clause 3 (c) of section 134 of the Companies Act, 2013.
 - Changes if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statement arising out of audit findings.
 - Compliance with Listing Agreement and other legal requirements relating to financial statements.
 - Disclosures of related party transactions.
 - Modified opinion(s) in the draft audit report.
- (v) Reviewing, with the management, the quarterly financial statement before submission to the Board for approval.
- (vi) Reviewing, with the management the statement of uses/application of funds raised through an issue (Public issue /Right Issue/ Preferential Issue etc.), the statement of funds utilized for purposes other than those stated in the offer Document/Prospectus/ Notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or right issue, and making appropriate recommendations to the board to take up the steps in the matter. Performance of Statutory and Internal Auditors, adequacy of internal control systems.
- (vii) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- (viii) Approval or any subsequent modification of transaction of listed entity with related parties.
- (ix) Scrutiny of Inter corporate loans and investments.
- (x) Valuation of undertakings of Assets of the listed entity, wherever it is necessary.
- (xi) Evaluation of internal financial control and risk management.
- (xii) Reviewing with the management, performance of Statutory and Internal Auditors, Adequacy of the internal control system.
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with the internal auditors of any significant findings and follow up thereon.
- (xv) Reviewing the findings of any internal investigation by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
- (xvi) Discussion with the statutory auditors before the audit commences, about the nature and scope of Audit as well as post audit discussion to ascertain any area of concern.
- (xvii) To look into the reasons for the substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (xviii) To review the functioning of Whistle Blower Mechanism, in case, if the same exists.
- (xix) Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate:
- (xx) Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

The Audit Committee reviews the following information:

- 1) The Management discussion and analysis of financial condition and results of operation.
- 2) The statement of significant related party transactions (as defined by the audit committee) submitted by the management.
- 3) Management letter/letters of internal control weaknesses issued by the statutory auditors.
- 4) Internal audit reports relating to internal control weaknesses.
- 5) The appointment, removal and terms of remuneration of internal auditors shall be subject to review by the audit committee.
- 6) Statement of Deviations:
 - a) Quarterly statement of deviations including report of Monitoring Agency, if applicable, Submitted to stock exchanges in terms of regulation 32(1)
 - b) Annual statement of funds utilized for purpose other than those stated in the offer document/ prospectus/ Notices in terms of regulation 32(7).

ii) Nomination and Remuneration Committee

a) Terms of Reference

The Company's Nomination and Remuneration Committee is vested with all the necessary powers and authority to ensure appropriate disclosure on the remuneration of Executive Directors including Managing Director, Whole-time director and to deal with all the elements of remuneration package of Directors and Management Personnel.

- i) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- ii) Formulation of criteria for evaluation of Independent Directors and the Board;

- iii) Devising a policy on Board diversity.
- iv) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- v) Whether to extend or continue the terms of the appointment of the independent Director on the basis of the report of the performance evaluation of independent director.

b) Composition

| Name of the Directors | Category | Designation |
|-------------------------|--------------------------------|-------------|
| Mr. Durgaprasad Agarwal | Non- Executive and Independent | Chairman |
| Mr. Santkumar Agarwal | Non- Executive and Independent | Member |
| Mr. Rajagopal Sivaraj | Non- Executive and Independent | Member |

c) Meeting

During the financial year 2017-18, No meeting of Nomination and Remuneration Committee held.

d) Remuneration Policy

The Remuneration Policy is based on three tenets: Pay for responsibility, Pay for performance and potential and pay for growth.

e) Remuneration paid to Directors

The Remuneration of Managing Director and Whole Time Director has been approved by the Nomination and Remuneration Committee, subsequently by the Board of Directors in accordance with and subject to the limits laid down in Schedule V to the Companies Act, 2013 and subject the approval of the Shareholders at the General Body Meeting.

The Non executive directors of the Company do not draw any remuneration other than sitting fees of Rs. 1000/- per meeting of the Board/ committee meetings for attending the Board meetings, Audit Committee meetings.

The Remuneration (including perquisites and benefits) paid to the Managing Director / Whole time Director and other directors during the year ended 31st March 2018 is as follows:-

(Rs. in Lacs)

| Directors | Salary (including Performance Incentive, if any and other allowance) | Contribution to P. F. and Gratuity | Sitting Fees | Total |
|---|---|--|-----------------|-------|
| Mr. Vishwanath L Agarwal – Chairman | - | - | 0.01 | 0.01 |
| Mr. Rajendra V Agarwal – Managing Director | 24.00 | 4.03 | - | 28.03 |
| Mr. Ajay V Agarwal – Whole Time Director | 9.00 | 1.51 | - | 10.51 |
| Mr. Rajagopal Sivaraj – Non – executive/Independent Director | - | - | 0.02 | 0.02 |
| Mr. Durgaprasad C Agarwal – Non - executive /Independent Director | - | - | 0.08 | 0.08 |
| Mr. Sant Kumar B Agarwal – Non - executive /Independent Director | - | - | 0.08 | 0.08 |
| Mrs. Medha Pattanayak – Non - executive /Independent Director | - | - | 0.04 | 0.04 |
| Mr. Anup Singh – Executive Professional Director | 8.22 | 0.17 | | 8.39 |

iii) STAKEHOLDER RELATIONSHIP COMMITTEE :

The Board of Directors had constituted the Stakeholders Relationship Committee. The committee focuses primarily on monitoring and ensuring that all shareholders and investor services operate in an efficient manner and that shareholder and investors grievances/ complaints including that of all other stakeholders are addressed promptly with the result that all issues are resolved rapidly and efficiently. The role of the Stakeholders Relationship Committee is to consider and resolve the grievances of security holders of the Company.

Mr. Durgaprasad Agarwal, Non-executive and Independent Director is the Chairman of Stakeholder's Relationship Committee.

The Composition of the Stakeholder's Relationship Committee is detailed below:

| Name of the Director | Category | Designation |
|-------------------------|-------------------------------|-------------|
| Mr. Durgaprasad Agarwal | Non-executive and Independent | Chairman |
| Mr. Santkumar Agarwal | Non-executive and Independent | Member |
| Mr. Rajagopal Sivaraj | Non-executive and Independent | Member |

Company Secretary has been designated as Compliance Officer.

Number of Complaints:

| Particulars | Opening Balance | Received | Resolved | Pending |
|--|-----------------|----------|----------|---------|
| Complaints: | | | | |
| SEBI/Stock Exchange | Nil | 1 | 1 | 0 |
| Shareholders-non receipt of Annual Report Queries | Nil | 0 | 0 | 0 |
| Non receipt of Dividend warrant | Nil | 0 | 0 | 0 |
| Dividend | Nil | 0 | 0 | 0 |

iv) RISK MANAGEMENT COMMITTEE:

The terms of reference of the Risk Management Committee include implementation and monitoring the risk management plan for the Company.

The Board has formed Risk Management Committee consisting of following directors

| Name of the Director | Category | Designation |
|-------------------------|-------------------------------|-------------|
| Mr. Santkumar Agarwal | Non-executive and Independent | Chairman |
| Mr. Durgaprasad Agarwal | Non-executive and Independent | Member |
| Mr. Rajagopal Sivaraj | Non-executive and Independent | Member |

v) CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Act, the Board constituted the CSR Committee. The CSR Committee provides guidance on various CSR activities to be undertaken by the Company and monitors its progress.

The terms of reference for the CSR Committee include:

- Formulate a CSR Policy which shall indicate activities to be undertaken by the Company.
- Recommend the CSR Policy to the Board.
- Recommend the amount of expenditure to be incurred on the activities.
- Monitor the Policy from time to time as per the CSR Policy.

During the financial year under review the CSR Committee met on March 16, 2018.

The Board has formed Corporate Social Responsibility Committee consisting of following directors

| Name of the Director | Category | Designation |
|-------------------------|---------------------------------|-------------|
| Mr. Durgaprasad Agarwal | Non-executive and Independent | Chairman |
| Mr. Santkumar Agarwal | Non-executive and Independent | Member |
| Mr. Rajendra Agarwal | Promoter and Executive Director | Member |

5. DISCLOSURES:

a) Whistle Blower Policy / Vigil Mechanism

In line with the best Corporate Governance practices, Donear Industries Limited has put in place a system through which the Directors, employees and business associates may report concerns about unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct without fear of reprisal. The Company has put in place a process by which employees and business associates have direct access to the higher level and Compliance Officer. The Company's policy of Whistle Blower/Vigil mechanism posted on Company's website www.donear.com

b) Related Party Transactions

All Related Party transactions were placed before the Audit Committee for approval. The Audit Committee has granted omnibus approval for Related Party transactions as per the provisions and restrictions contained in the Listing Regulations. The details of Related Party Transactions are provided in the Financial Statements of the Company. The Company's policy of Related Party Transactions posted on Company's website www.donear.com provided the transactions to be entered into individually or taken together with previous transaction during financial year exceeds 10% of the annual turnover of the Company as per the last audited financial statement of the Company.

6. OTHER DISCLOSURES:

- There were no transactions of material nature with its Promoters, Directors or the Management, their subsidiaries or relatives during the period that may have potential conflict with the interest of the company at large.
- The Company has complied with all mandatory requirements under the Listing Regulations, 2015. There were no non-compliances by the Company during the year. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities on any matters related to the capital markets, during the previous three financial years.
- The Board has adopted a Code of Conduct including Business Ethics Policy for its Directors and Senior Management. This is available on the Company's website.
- The Managing Director has submitted before the Board a declaration of compliance with the Code of Conduct by the Directors during the financial year ended March 31, 2018.
- Risk assessment and minimization procedures are periodically reviewed by the Audit Committee and the Board of Directors of the Company.
- The Chief Executive Officer and the Chief Financial Officer have certified to the Board of Directors as per the format prescribed in Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. This has been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company.
- Management Discussion and Analysis report form part of the Annual Report to the shareholders.

7. MEANS OF COMMUNICATION

a) Quarterly Unaudited Financial Results

Quarterly un-audited Financial Results were published in the Free Press Journal and Navshakti Newspaper. The half yearly report is not sent separately to the Shareholders. Annual Reports are sent to each shareholder at their Registered Address with the Company. The Company's website is: www.donear.com. The Company has updated the quarterly results on its website.

b) Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Director's Report. All matters relating to Industry Structures and Development, Opportunities and Threats, Segment wise and Product wise performance, Outlook, Risks and Concern, Internal Control System and its adequacy, Discussion on financial performance with respect to operational performance, material development in human resources are discussed in the Director's Report.

vi) WEBSITE:

The Company maintains a functional website containing basic information about the Company. The website address is www.donear.com. The Company is disseminating following information on its website:

- a. Details of business;
- b. Terms and conditions of appointment of Independent Directors;
- c. Corporate Announcement;
- d. Composition of various committees of Board of Directors;
- e. Code of conduct of Board of Directors and Senior Management Personnel;
- f. Details of establishment of Vigil Mechanism/ Whistle Blower policy;
- g. Criteria of making payments to Non-Executive Directors , if the same has not been disclosed in annual report;
- h. Policy on dealing with Related Party transactions;
- i. Policy for determining 'Material' subsidiaries;
- j. Details of familiarization programmes imparted to Independent Directors;
- k. Contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances;
- l. Financial information;
- m. Shareholding pattern.

8 RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

A qualified Practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) vis-a-viz the issued and listed capital.

The report by M/s. VKM & Associates, a Practicing Company Secretary confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

Also, the Reconciliations of Share Capital audit report by M/s. VKM & Associates, a Practicing Company Secretary have no adverse remarks for the year ended 31st March, 2018. The report is self-explanatory.

GENERAL SHAREHOLDER INFORMATION

| Sr. No. | Particulars | Details | | |
|---------|---|---|-------------------|---------------------------------------|
| 1 | Annual General Meeting | 29-09-2018 11:30 am Donear House, 9 th Floor, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093 | | |
| 2 | Financial Calendar (Tentative) | Financials for Quarter ending | | Financial Reporting Date |
| | | June 30, 2018 | | Second week of August, 2018 |
| | | September 30, 2018 | | Second week of November, 2018 |
| | | December 31, 2018 | | Second week of February, 2019 |
| | | March 31, 2019 | | Last week of May 2019 |
| | | Annual General Meeting for the year ended March. 31, 2018 | | August-September, 2018 |
| 3 | Date of Book Closure | 20 th September, 2018 to 28 th September, 2018 (both days inclusive) | | |
| 4 | Dividend Payment Date | Within 30 Days from the date of AGM | | |
| 5 | Listing on Stock Exchanges | Name & Address of Stock Exchange Ltd | Stock Code | Demat ISIN for NSDL & CDSL |
| | | Bombay Stock Exchange Ltd (BSE) | 512519 | INE 668D01028 |
| | | National Stock Exchange of India Ltd (NSE) | DONEAREQ | INE 668D01028 |
| | CIN Number: | L99999MH1987PLC042076 | | |
| 6 | Payment of Annual Listing fees | Listing fees for the financial year 2018-2019 has been paid to both the Stock Exchanges BSE & NSE | | |
| 7 | Registrars & Transfer Agents Contact person Contact No Email | Link Intime India Pvt. Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Mr. Satyam Desai +91 22 49186270 Fax: +91 22 49186060 satyan.desai@linktime.co.in, rnt.helpdesk@linkintime.co.in | | |
| 8 | Custodial Fees to Depositories | The Company has paid custodial fees for the year 2018-19 to NSDL and CDSL. | | |

| Sr. No. | Particulars | Details |
|---------|----------------------------|---|
| 9 | Address for correspondence | Donear Industries Limited Donear House, 8 th Floor, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093 |
| 10 | For any assistance | Regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or annual report or any other query relating to shares be addressed to Link Intime India Private Limited, C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083. Phone: 22 49186270 Fax: 22 49186060 |

9. SHARE TRANSFER SYSTEM

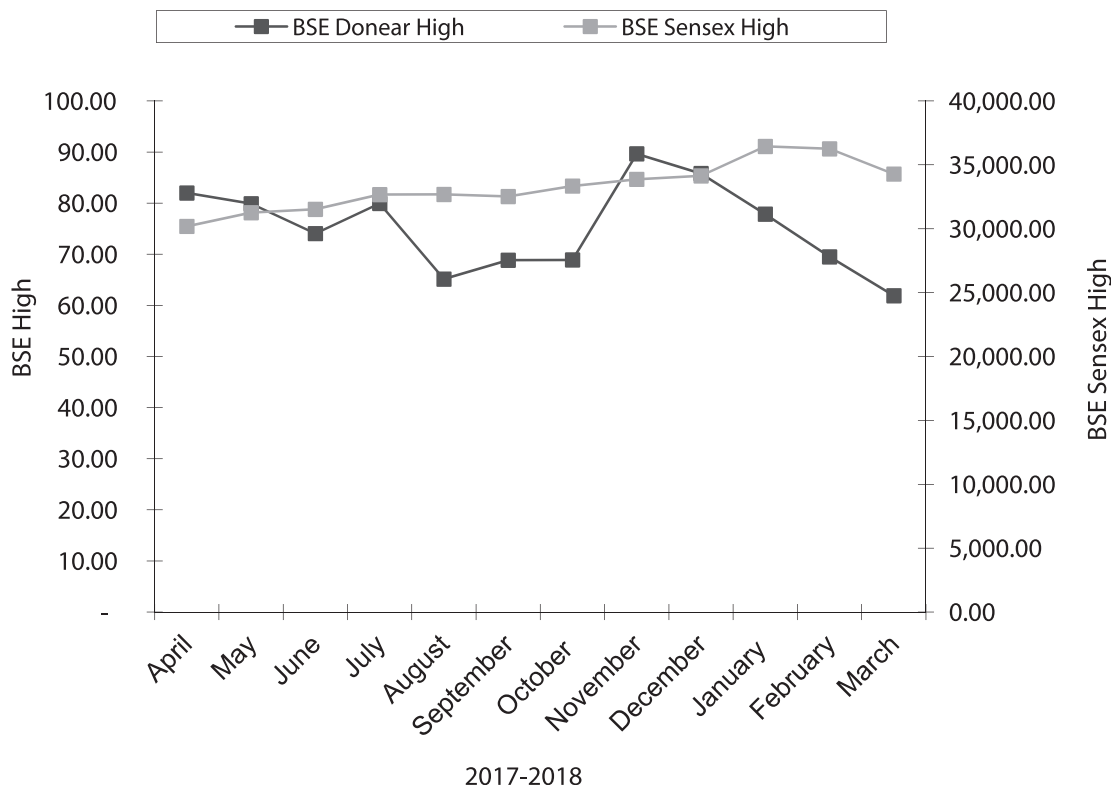
Share transfers in physical form are processed by the Registrar and Transfer Agent, Link Intime India Private Limited and are approved by the Stakeholders Relationship Committee of the Company or the authorized signatories of the Company. Share transfers are registered and returned within 21 days from the date of lodgment if documents are complete in all respects. The Depository system handles share transfers in dematerialized form.

In compliance with the Listing Regulation, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialization of the shares of the Company and for conducting a Secretarial Audit on a quarterly basis for reconciliation of the Share Capital of the Company. Members holding shares in Demat mode should address all their correspondence to their respective Depository Participant.

STOCK PERFORMANCE

Market Price Data during the year ended 31.03.2018:

| Month | BSE | | BSE Sensex (High) | BSE Sensex (Low) | NSE | |
|-----------|-------|-------|-------------------|------------------|-------|-------|
| | High | Low | | | High | Low |
| Apr-2017 | 82.00 | 73.55 | 30184.22 | 29241.48 | 82.50 | 74.00 |
| May-2017 | 79.90 | 67.00 | 31255.28 | 29804.12 | 79.90 | 65.00 |
| June-2017 | 74.05 | 61.80 | 31522.87 | 30680.66 | 74.20 | 62.00 |
| July-2017 | 79.95 | 61.75 | 32672.66 | 31017.11 | 80.00 | 62.15 |
| Aug-2017 | 65.15 | 52.25 | 32686.48 | 31128.02 | 65.80 | 47.90 |
| Sept-2017 | 68.85 | 53.45 | 32524.11 | 31081.83 | 68.90 | 53.30 |
| Oct-2017 | 68.90 | 54.65 | 33340.17 | 31440.48 | 68.70 | 53.45 |
| Nov-2017 | 89.65 | 56.80 | 33865.95 | 32683.59 | 89.50 | 57.10 |
| Dec-2017 | 85.80 | 66.70 | 34137.97 | 32565.16 | 85.65 | 66.00 |
| Jan-2018 | 77.85 | 67.10 | 36443.98 | 33703.37 | 77.45 | 67.00 |
| Feb-2018 | 69.50 | 58.90 | 36256.83 | 32482.81 | 71.70 | 59.10 |
| Mar-2018 | 61.90 | 47.30 | 34278.63 | 32483.84 | 62.85 | 46.35 |



10. SHAREHOLDING PATTERN AS ON 31-03-2018:

| CATEGORY CODE | Category of Shareholder | Number of Shareholders | Total number of shares | As a percentage of (A+B+C) |
|--|---|------------------------|------------------------|----------------------------|
| (A) | Shareholding of Promoter and Promoter Group | | | |
| (1) | Indian | | | |
| | (a) Individuals/ Hindu Undivided Family | 12 | 30026309 | 57.74 |
| | (b) Bodies Corporate | 6 | 8254000 | 15.87 |
| | Sub Total(A)(1) | 18 | 38280309 | 73.61 |
| (2) | Foreign | | | |
| | (a) Directors & their relatives | Nil | Nil | Nil |
| | Sub Total (A)(2) | Nil | Nil | Nil |
| TOTAL SHAREHOLDING OF PROMOTER AND PROMOTER GROUP | | | | |
| (A) = (A)(1)+(A)(2) | | 18 | 38280309 | 73.61 |
| (B) | Public shareholding | | | |
| (1) | Foreign Institutions investors | | | |
| | (a) Mutual Fund | 1 | 146518 | 0.28 |
| | (b) Foreign Institutions/ Banks | 2 | 66528 | 0.13 |
| | Sub-Total (B)(1) | 3 | 213046 | 0.41 |
| (2) | Non-institutions | | | |
| | (a) Bodies Corporate | 156 | 2172774 | 4.18 |
| | (b) Individuals | | | |
| | (i) Individual shareholders holding nominal share capital up to Rs 2 lakh | 9647 | 6593578 | 12.68 |
| | (ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh. | 10 | 2967991 | 5.70 |
| | (c) Any Other (specify) | | | |
| | Hindu Undivided Family | 337 | 1119585 | 2.15 |
| | Non Resident Indians (Non Repat) | 33 | 39030 | 0.08 |
| | Non Resident Indians (Repat) | 75 | 81719 | 0.16 |
| | Clearing Member | 96 | 531968 | 1.02 |
| | Sub-Total (B)(2) | 10354 | 13506645 | 25.97 |
| TOTAL PUBLIC SHAREHOLDING (B)= (B)(1)+(B)(2) | | 10357 | 13719691 | 26.38 |
| TOTAL (A)+(B) | | 10375 | 52000000 | 100.00 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | - | 51933919 | 99.87 |

11. DISTRIBUTION OF SHAREHOLDING AS ON 31-03-2018:

| No. of equity shares held | No. of shareholders | % of shareholder | Total no. of shares held | % of shares held |
|---------------------------|---------------------|------------------|--------------------------|------------------|
| 1 - 500 | 8375 | 79.24 | 1267822 | 2.46 |
| 501 - 1000 | 975 | 9.22 | 826664 | 1.59 |
| 1001 - 2000 | 542 | 5.13 | 850868 | 1.64 |
| 2001 - 3000 | 187 | 1.77 | 490091 | 0.99 |
| 3001 - 4000 | 71 | 0.67 | 260493 | 0.60 |
| 4001 - 5000 | 89 | 0.84 | 431673 | 0.78 |
| 5001 – 10000 | 164 | 1.55 | 1241212 | 2.49 |
| 10001- above | 167 | 1.58 | 46631177 | 89.45 |
| Total | 10570 | 100.00 | 52000000 | 100.00 |

12. TRANSFER OF UNCLAIMED DIVIDEND TO IEPF

As provided in Section 125 of the Companies Act, 2013, dividend amount which was due and payable and remained unclaimed and unpaid for a period of seven years has to be transferred to **Investor Education & Protection Fund (IEPF)** established by the Central Government.

The dividend for the following years remaining unclaimed for seven years will be transferred by the Company to IEPF according to the schedule given below. Shareholders who have not so far encashed their dividend warrant (s) or have not received the same are requested to seek issue of duplicate warrant (s) by writing to Link Intime India Private Limited confirming non – encashment / non - receipt of dividend warrant (s). Once the unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

| Financial Year | Date of Declaration | Due for Transfer to IEPF |
|----------------|---------------------|--------------------------|
| 2010-11 | 24/09/2011 | 24/10/2018 |
| 2011-12 | 22/09/2012 | 22/10/2019 |
| 2012-13 | 28/09/2013 | 28/10/2020 |
| 2013-14 | 24/09/2014 | 24/10/2021 |
| 2014-15 | 26/09/2015 | 26/10/2022 |
| 2015-16 | 24/09/2016 | 24/10/2023 |
| 2016-17 | 23/09/2017 | 23/10/2024 |

13. DEMATERIALIZATION OF SHARES

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in dematerialized form. The Company had sent letters to shareholders holding shares in physical form emphasizing the benefits of dematerialization and 99.87% of the shares have been dematerialized so far.

The number of shares held in dematerialized and physical mode is as under:

| | No. of shares | % of total capital |
|-------------------------------------|-----------------|--------------------|
| Held in dematerialized form in NSDL | 35348062 | 69.98 |
| Held in dematerialized form in CDSL | 16587857 | 31.90 |
| Physical | 64081 | 0.12 |
| Total | 52000000 | 100.00 |

14. REGISTERED OFFICE ADDRESS FOR CORRESPONDENCE

Donear House, 8th Floor, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093

Works:

Balaji Fabrics

Revenue Block No. 194 & 195
Kadodara Bardoli Road, Village Jolwa,
Taluka Palsana, Dist.Surat, Gujarat.

Balaji Industries

Dockmandi, Village Amli,
Silvassa, Dadra & Nagar Haveli.

Laxmi Fab.

Government Industrial Estate, Masat,
Silvassa, Dadra & Nagar Haveli.

Laxmi Garment Fabrics

Sri Venkateshwara Arcade, #54,
Ground Floor, Sudhama Nagar,
Lalbag Road, Bangalore

15. NON MANDATORY REQUIREMENTS

- Chairman of the Board** – No separate office is maintained for the Non-Executive Chairman.

Mr. Durga Prasad Agrawal, Mr. Sant Kumar Agrawal and Mr. Sivaraj Rajagopal are independent Directors on the Board of the Company. No specific period has been specified for these Directors. All of them have requisite qualification and experience and in the opinion of the Company this would enable them to contribute effectively to the Company in their capacity as Independent Directors.

- Audit Qualifications** – There are no qualifications in the audit report to the members on the Financial Account for the year ended 31st March 2018
- Shareholder Right** – The Company has not sent half yearly financial performance including summary of the significant events to each household of the shareholders, since the results were published in 2 newspapers, one in Vernacular and one in English newspaper as well as the company notifies to the Stock Exchanges where the Company shares are listed. The Audited annual report is also sent to every shareholders of the Company
- Other Non-Mandatory Requirements** - The other Non-mandatory requirements will be implemented in due course as and when required and/or deemed necessary by the Board.

CERTIFICATION

We, the undersigned of the Company hereby certify that :

1. We have reviewed the financial statements and the cash flow statement for the year 31st March 2018 and that to the best of their knowledge and belief :
 - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. That there are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies and
4. We have indicated to the Auditors and the Audit committee that there are:
 - significant changes in internal control over financial reporting during the year ,if any;
 - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
 - No instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**RAJENDRA AGARWAL
MANAGING DIRECTOR**

**ASHOK AGARWAL
CHIEF FINANCIAL OFFICER**

Place : Mumbai

Date : 30th May 2018

AUDITORS' CERTIFICATE

To,
The Members of
Donear Industries Limited

We have examined the compliance of conditions of Corporate Governance by Donear Industries Limited (the Company) for the year ended March 31st 2018, as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations.

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

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

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

For Kanu Doshi Associates LLP
Chartered Accountants
FRN: 104746W/W100096

Arati Parmar
Partner
Membership No. 102888

Place: Mumbai
Date: May 30, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of **DONEAR INDUSTRIES LIMITED**

Report on the Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying Ind AS financial statements of **DONEAR INDUSTRIES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss (including other comprehensive income) and the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) as at March 31, 2018 and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 included in these Ind AS financial statements, are based on the previously issued financial statements for the year ended 31st March, 2017 and 31st March, 2016 prepared in accordance with the Companies (Accounting Standard) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March, 2016 and 31st March, 2017 dated 30th May, 2017 and dated 30th May, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid Ind AS financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Ind AS financial statements have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the Ind AS financial statements.
 - d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors, as on March 31, 2018 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B' and;
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 30 to the Ind AS financial statements;
 - ii. The Company did not have any material foreseeable losses on long term contracts including derivatives contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For KANU DOSHI ASSOCIATES LLP

Chartered Accountants
FRN: 104746W/W100096

Arati Parmar

Partner
Membership No. 102888

Place: Mumbai
Date: May 30, 2018

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 of 'Report on other Legal and Regulatory Requirements' in our Report of even date on the accounts of **DONEAR INDUSTRIES LIMITED** for the year ended 31st March, 2018.

On the basis of the records produced to us for our verification / perusal, such checks as we considered appropriate, and in terms of information and explanation given to us on our enquiries, we state that:

- (i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and discrepancies noticed between the book records and the physical inventories were not material and have been properly dealt with in the accounts.
- (c) According to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 during the year. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
- (iv) The Company has not granted any loans, has not made investments, and has not provided any guarantees and security to directors or to any other parties during the year. Accordingly, clause 3 (iv) of the Order is not applicable to the Company.
- (v) The company has not accepted any deposits from the public during the year covered by the audit. Accordingly, clause 3 (v) of the Order is not applicable to the Company.
- (vi) The Central Government has prescribed maintenance of cost records for the company under sub section (1) of section 148 of the Companies Act, 2013 and such accounts have been made and maintained by the company. However, no detailed examinations of such records and accounts have been carried out by us.
- (vii) (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Excise Duty, Customs Duty, Value Added Tax, Cess, Goods and Services Tax (GST) w.e.f. July 01, 2017 and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Value Added Tax, Service Tax and Customs Duty which have not been deposited on account of any dispute.

The disputed amounts that have not been deposited in respect of Excise Duty are as under:

| Name of Statute | Nature of Dues | Financial Year | Amount (Rs.) | Forum where dispute is pending |
|--------------------------|---------------------|----------------|--------------|---|
| Central Excise Act, 1944 | Dues of Excise Duty | 2008-09 | 4.17 lakhs | Commissioner, Central Excise, Customs & Service Tax, Surat (Appeal) |

- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to banks during the year. The Company has not taken any loan or borrowing from government, financial institutions and has not issued debentures during the year.
- (ix) On the basis of our examination of the documents and records and according to the information and explanations given to us, we are of the opinion that term loans have been applied for the purposes for which they were obtained. The company has not raised moneys by way of Initial Public Offer or further public offer (including debt instruments) during the year.
- (x) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to Nidhi Company. Accordingly, clause 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation given to us, and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sec 177 and 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, clause 3 (xv) of the Order is not applicable to the Company.
- (xvi) The company is not required to be registered under Sec 45-IA of the Reserve Bank of India Act, 1934. Accordingly clause 3 (xvi) of the Order is not applicable to the Company.

For KANU DOSHI ASSOCIATES LLP

Chartered Accountants
FRN: 104746W/W100096

Arati Parmar

Partner
Membership No. 102888

Place: Mumbai

Date: May 30, 2018

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **DONEAR INDUSTRIES LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For KANU DOSHI ASSOCIATES LLP
Chartered Accountants
FRN: 104746W/W100096

Arati Parmar
Partner
Membership No. 102888

Place: Mumbai
Date: May 30, 2018

BALANCE SHEET AS AT 31ST MARCH, 2018

(Amount in ₹)

| Particulars | Note No. | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|---|----------|------------------|------------------|------------------|------------------|------------------|------------------|
| I ASSETS | | | | | | | |
| (1) Non - Current Assets | | | | | | | |
| (a) Property, Plant and Equipment | 3 | 7,105.37 | | 7,632.19 | | 7,786.64 | |
| (b) Capital Work-in-progress | 4 | 193.91 | | 95.06 | | 59.72 | |
| (c) Investment Property | 5 | 1,155.83 | | 1,301.72 | | 1,491.59 | |
| (d) Other Intangible Assets | 6 | 28.97 | | 32.55 | | 47.46 | |
| (e) Financial Assets | | | | | | | |
| (i) Investment | 7 | 98.40 | | 98.40 | | 98.40 | |
| (ii) Other Non-Current Financial Assets | 8 | 177.92 | | 256.65 | | 167.61 | |
| (f) Deferred Tax Assets (Net) | 9 | 1,140.53 | | 1,292.37 | | 1,451.45 | |
| (g) Other Tax Assets (Net) | 10 | - | | - | | 55.49 | |
| (h) Other Non-Current Assets | 11 | 165.36 | 10,066.29 | 161.28 | 10,870.22 | 100.80 | 11,259.16 |
| (2) Current Assets | | | | | | | |
| (a) Inventories | 12 | 20,658.59 | | 17,097.56 | | 16,576.04 | |
| (b) Financial Assets | | | | | | | |
| (i) Trade Receivables | 13 | 13,516.22 | | 11,017.52 | | 10,110.76 | |
| (ii) Cash and Cash Equivalents | 14 | 214.68 | | 190.77 | | 212.28 | |
| (iii) Bank balances other than (ii) above | 15 | 342.38 | | 271.14 | | 264.59 | |
| (iv) Other Current Financial Assets | 16 | 282.50 | | 344.95 | | 387.72 | |
| (c) Other Tax Assets (Net) | 17 | 58.79 | | 55.77 | | 14.56 | |
| (d) Other Current Assets | 18 | 2,652.84 | 37,726.00 | 1,228.04 | 30,205.75 | 998.42 | 28,564.37 |
| TOTAL ASSETS | | | 47,792.29 | | 41,075.97 | | 39,823.53 |
| II EQUITY AND LIABILITIES | | | | | | | |
| EQUITY | | | | | | | |
| (1) Shareholder's fund | | | | | | | |
| (a) Equity Share Capital | 19 | 1,040.00 | | 1,040.00 | | 1,040.00 | |
| (b) Other Equity | 20 | 8,826.50 | 9,866.50 | 7,627.91 | 8,667.91 | 6,837.93 | 7,877.93 |
| LIABILITIES | | | | | | | |
| (2) Non-current liabilities | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| (i) Non Current Borrowings | 21 | 936.21 | | 1,343.00 | | 1,743.00 | |
| (ii) Other Financial Liabilities | 22 | 1,533.28 | | 1,507.30 | | 1,428.26 | |
| (b) Other Non Current Liabilities | 23 | 32.28 | 2,501.77 | 51.54 | 2,901.84 | 88.46 | 3,259.72 |
| (3) Current liabilities | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| (i) Current Borrowings | 24 | 28,633.02 | | 24,705.69 | | 24,726.84 | |
| (ii) Trade Payables | 25 | 4,857.38 | | 3,164.16 | | 2,615.06 | |
| (iii) Other Current Financial Liabilities | 26 | 938.91 | | 504.07 | | 603.69 | |
| (b) Other Current Liabilities | 27 | 653.18 | | 912.25 | | 526.51 | |
| (c) Provisions | 28 | 149.30 | | 170.42 | | 153.31 | |
| (d) Current Tax Liabilities (Net) | 29 | 192.23 | 35,424.02 | 49.63 | 29,506.22 | 60.49 | 28,685.90 |
| TOTAL EQUITY AND LIABILITIES | | | 47,792.29 | | 41,075.97 | | 39,823.55 |
| Contingent Liabilities and Commitments | 30 | | | | | | |
| Summary of significant accounting policies | 2 | | | | | | |

The accompanying notes are an integral part of the financial statements.

As per our report of attached even date

FOR KANU DOSHI ASSOCIATES LLP

CHARTERED ACCOUNTANTS

Firm's Registration Number: 104746W/W100096

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Arati Parmar

Partner

Membership No.102888

Vishwanath L. Agarwal

Chairman

DIN No. 00223140

Rajendra V. Agarwal

Managing Director

DIN No. 00227233

Place : Mumbai

Date : 30th May, 2018

Ashok B. Agarwal

Chief Financial Officer

Sreedhar H.

Company secretary

Ajay V. Agarwal

Whole time Director

DIN No. 00227279

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

| Particulars | Note No. | 2017-18 | 2016-17 |
|---|----------|------------------|------------------|
| Revenue from operations | 31 | 51,408.08 | 49,915.29 |
| Other income | 32 | 281.32 | 767.94 |
| TOTAL REVENUE | | 51,689.40 | 50,683.23 |
| Expenses | | | |
| Cost of Materials Consumed | 33 | 24,133.68 | 19,441.99 |
| Purchases of stock-in-trade | 34 | 3,177.22 | 5,987.41 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 35 | (3,150.25) | 320.08 |
| Employee benefits expenses | 36 | 6,313.75 | 5,563.06 |
| Finance costs | 37 | 2,235.53 | 2,221.52 |
| Depreciation and Amortisation expense | 38 | 1,176.14 | 1,409.93 |
| Other expenses | 39 | 15,826.64 | 14,320.94 |
| TOTAL EXPENSES | | 49,712.71 | 49,264.95 |
| Profit before exceptional items and tax | | 1,976.69 | 1,418.28 |
| Exceptional items | | - | - |
| Profit before tax | | 1,976.69 | 1,418.28 |
| Less: Tax Expenses | | | |
| <u>Current tax</u> | | | |
| of Current Year | | 586.16 | 369.35 |
| of Earlier Years | | (0.73) | 61.13 |
| <u>Deferred tax</u> | | | |
| of Current Year | | 70.75 | 79.55 |
| of Earlier Years | | - | - |
| TOTAL TAX EXPENSES | | 656.18 | 510.03 |
| Profit after tax | (A) | 1,320.51 | 908.25 |
| Other Comprehensive Income | | | |
| A. (i) Items that will not be reclassified to profit or loss | | 5.10 | 10.54 |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | (1.84) | (3.65) |
| B. (i) Items that will be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| Total Other Comprehensive Income for the year | (B) | 3.26 | 6.90 |
| Total Comprehensive Income for the year | (A+B) | 1,323.77 | 915.15 |
| Earning per equity share : | 40 | | |
| (1) Basic Earning Per Share | | 2.54 | 1.75 |
| (2) Diluted Earning Per Share | | 2.54 | 1.75 |
| (3) Face Value Per Share | | 2.00 | 2.00 |

As per our report of attached even date
FOR KANU DOSHI ASSOCIATES LLP
CHARTERED ACCOUNTANTS
Firm's Registration Number: 104746W/W100096

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Arati Parmar
Partner
Membership No.102888

Vishwanath L. Agarwal
Chairman
DIN No. 00223140

Rajendra V. Agarwal
Managing Director
DIN No. 00227233

Place : Mumbai
Date : 30th May, 2018

Ashok B. Agarwal
Chief Financial Officer

Sreedhar H.
Company secretary

Ajay V. Agarwal
Whole time Director
DIN No. 00227279

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2018

(Rupees in Lacs)

| Particulars | Note No. | 2017-18 | 2016-17 |
|--|--------------------|-------------------|-------------------|
| I CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Profit before tax as per Statement of Profit & Loss | | 1,981.79 | 1,692.66 |
| Adjustment for : | | | |
| (a) Depreciation | | 1,176.14 | 1,409.93 |
| (b) Interest Expenses | | 2,054.87 | 1,928.82 |
| (c) Interest Income | | (156.62) | (23.55) |
| (d) (Profit) / Loss on sale of fixed assets | | (56.28) | (114.00) |
| (e) Fixed Assets Written Off | | 3.06 | 2.31 |
| (e) Provision no longer required | | (13.71) | (20.20) |
| (f) Allowance for Expected Credit Loss | | 187.15 | 272.49 |
| (g) Unrealised Foreign Exchange rate difference(Net) | | 161.95 | (18.55) |
| (h) Sundry Balances written off / (back) (Net) | | (14.77) | (2.41) |
| Operating Profit Before Working Capital Changes | | 5,323.58 | 5,127.50 |
| Adjustment for : | | | |
| (a) Inventories | | (3,561.04) | (521.51) |
| (b) Trade Receivables | | (2,753.85) | (1,394.70) |
| (c) Short Term Loans and Advances | | 293.03 | (8.53) |
| (d) Long Term Loans and Advances | | (143.65) | (114.48) |
| (e) Other Current Assets | | (1,499.28) | (310.90) |
| (f) Trade and Other Payables | | 1,598.67 | 542.97 |
| (g) Short Term Provisions | | (21.13) | 2.78 |
| (h) Other Current Liabilities | | (146.76) | 411.50 |
| (i) Other Long Term Current Liabilities | | 25.98 | 48.73 |
| Cash Generated From Operations | | (884.45) | 3,783.36 |
| (a) Direct Tax Paid (Net) | | (366.59) | (351.19) |
| Net Cash from/(used) Operating Activities | Total (I) | (1,251.04) | 3,432.17 |
| II CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets (including Advance for Capital Goods) | | (591.78) | (1,118.30) |
| Sale of Fixed Assets | | 97.76 | 116.87 |
| Interest received | | 159.87 | 24.52 |
| Net Cash from/(used) Investing Activities | Total (II) | (334.15) | (976.91) |
| III CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Repayment of Borrowings | | - | (536.83) |
| Proceeds of Borrowings | | 3,790.01 | - |
| Interest Paid | | (2,054.87) | (1,814.39) |
| Dividend Paid (Including dividend distribution tax) | | (126.04) | (125.56) |
| Net Cash from/(used) Financing Activities | Total (III) | 1,609.10 | (2,476.78) |
| Net Increase/(decrease) in Cash and Cash Equivalents (I+II+III) | Total | 23.92 | (21.51) |
| OPENING BALANCE OF CASH AND CASH EQUIVALENTS | | 190.77 | 212.28 |
| CLOSING BALANCE OF CASH AND CASH EQUIVALENTS | | 214.68 | 190.77 |
| | Total | 23.92 | (21.51) |
| Notes : | | | |
| (1) Cash and cash equivalents include: (Refer Note No 14) | | | |
| (a) Cash in hand | | 32.13 | 18.74 |
| (b) Cheque in Hand | | 115.65 | 58.31 |
| (c) Balance with Scheduled Banks in Current Accounts | | 66.76 | 113.99 |
| | | 214.54 | 191.04 |
| Unrealised translation gain/(loss) | | | |
| | Total | 214.68 | 190.77 |
| (2) Interest received on delayed payments from Customers Rs.29,66,233 (Previous Year Rs.4,14,57,730) has been considered as cash flow from Operating Activities. | | | |
| (3) The cash flow statement has been prepared under the Indirect Method as set out in Indian Accounting Standard (IND AS 7) statement of cash flows. | | | |
| (4) Previous year figures have been regrouped/restated wherever considered necessary to make them comparable with those of the current year. | | | |

As per our report of attached even date

FOR KANU DOSHI ASSOCIATES LLP

CHARTERED ACCOUNTANTS

Firm's Registration Number: 104746W/W100096

Arati Parmar

Partner

Membership No.102888

Place : Mumbai

Date : 30th May, 2018

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Ashok B. Agarwal

Chief Financial Officer

Vishwanath L. Agarwal

Chairman

DIN No. 00223140

Sreedhar H.

Company secretary

Rajendra V. Agarwal

Managing Director

DIN No. 00227233

Ajay V. Agarwal

Whole time Director

DIN No. 00227279

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 ST MARCH, 2018

A. Equity Share Capital

(Rupees in Lacs)

| Particulars | No of Shares | Amount |
|---|-------------------|-----------------|
| Balance at at 1st April, 2016 | 52,000,000 | 1,040.00 |
| Changes in equity share capital during the year | - | - |
| Balance at at 31st March, 2017 | 52,000,000 | 1,040.00 |
| Changes in equity share capital during the year | - | - |
| Balance at at 31st March, 2018 | 52,000,000 | 1,040.00 |

B. Other Equity

(Rupees in Lacs)

| Particulars | Reservers and Surplus | | Other items of Other comprehensive income | Total |
|--|-----------------------|-------------------|--|-----------------|
| | General Reserves | Retained Earnings | Remeasurement of net defined benefit plans | |
| Balance at at 1st April, 2016 | 3,499.42 | 3,333.73 | 4.78 | 6,837.93 |
| Profit for the year | - | 908.25 | - | 908.25 |
| Final Dividend paid | - | (104.00) | - | (104.00) |
| Dividend distribution Tax paid | - | (21.17) | - | (21.17) |
| Remeasurements of Defined Benefit Plan | - | - | 6.90 | 6.90 |
| Balance at at 31st March, 2017 | 3,499.42 | 4,116.81 | 11.68 | 7,627.91 |
| Profit for the year | - | 1,320.51 | - | 1,320.51 |
| Final Dividend paid | - | (104.00) | - | (104.00) |
| Dividend distribution Tax paid | - | (21.17) | - | (21.17) |
| Remeasurements of Defined Benefit Plan | - | - | 3.26 | 3.26 |
| Balance at at 31st March, 2018 | 3,499.42 | 5,312.14 | 14.94 | 8,826.50 |

As per our report of attached even date

FOR KANU DOSHI ASSOCIATES LLP
CHARTERED ACCOUNTANTS

Firm's Registration Number: 104746W/W100096

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Arati Parmar

Partner

Membership No.102888

Place : Mumbai

Date : 30th May, 2018

Ashok B. Agarwal

Chief Financial Officer

Vishwanath L. Agarwal

Chairman

DIN No. 00223140

Sreedhar H.

Company secretary

Rajendra V. Agarwal

Managing Director

DIN No. 00227233

Ajay V. Agarwal

Whole time Director

DIN No. 00227279

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

1 Company Overview

Donear Industries Limited ("DIL" or "The Company") is an existing public limited company incorporated on 01/01/1987 under the provisions of the Indian Companies Act, 1956 and deemed to exist within the purview of the Companies Act, 2013, having its registered office at Donear House, 8th Floor, Plot No. A- 50, Road No. 1, MIDC , Andheri (East), Mumbai- 400093. The Company is manufacturer of fabrics having its own brand name "Donear" and also trading in garments under the brand name of "Dcot". The Company sell its product through multiple channels including wholesale and retail during the year ended 31st March' 2018. The equity shares of the Company are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The financial statements are presented in Indian Rupee (₹).

2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(A) Basis Of Preparation Of Financial Statement

i) Compliance with Ind AS

The financial statements Complies in all material aspects with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act and other accounting principles generally accepted in India.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) notified under Section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

These financial statements are the first financial statements of the Company under Ind AS. The date of transition to IND AS is 1st April, 2016. Refer note 52 related to First-time Adoption of Ind AS for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

First-time adoption: In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Company's first Ind AS financial statements include, three balance sheets viz. the opening balance sheet as at 1st April, 2016 and balance sheets as at 31st March, 2017 and 2018 and two statements each of profit and loss, cash flows and changes in equity for the years ended 31st March, 2017 and 2018 together with related notes. The same accounting policies have been used for all periods presented.

The financial statements were authorized for issue by the Company's Board of Directors on 30th May, 2018.

These financial statements and notes have been presented in Indian Rupees (INR), which is also the functional currency. All the amounts have been rounded off to the nearest lacs as per requirement of Schedule III, unless otherwise indicated.

ii) Historical cost convention

The Company follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis. The financial statements are prepared under the historical cost convention, except for the following :

- (a) Certain financial assets and liabilities (Including Derivative Instruments) that are measured at fair value;
- (b) Defined benefit plans where plan assets are measured at fair value.

iii) Current and Non Current Classification.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle (Twelve Months) and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

(B) Use of estimates and judgements

"The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Continuous evaluation is done on the estimation and judgments based on historical experience and various other assumptions and factors, including expectations of future events that are believed to be reasonable under existing circumstances. Difference between actual results and estimate related to accounting estimates are recognised prospectively. "

The said estimates are based on facts and events, that exist as at reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

(C) Financial Instruments

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

(I) Financial Assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- b) Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

- (a) For assets measured at fair value, gains and losses will either be recorded in Profit and Loss or Other comprehensive income.
- (b) For investments in debt instruments, this will depend on the business model in which the investment is held.
- (c) For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset and in the case of a financial asset not at fair value then through Profit and Loss. Transaction costs of financial assets carried at fair value through Profit and Loss are expensed in Profit and Loss.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) Amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit and loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.

ii) Fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in Profit and Loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or other expenses (as applicable). Interest income from these financial assets is included in other income using the effective interest rate method.

iii) Fair value through profit or loss (FVTPL):

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through Profit and Loss. A gain or loss on a debt investment that is subsequently measured at fair value through Profit and Loss and is not part of a hedging relationship is recognised in Profit and Loss and presented net in the statement of Profit and Loss within other income or other expenses (as applicable) in the period in which it arises. Interest income from these financial assets is included in other income or other expenses, as applicable.

(b) Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has selected to present fair value gains and losses on equity investments in other comprehensive income and there is no subsequent reclassification, on sale or otherwise, of fair value gains and losses to the Statement of Profit and Loss. Dividends from such investments are recognised in Profit and Loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through Profit and Loss are recognised in other income or other expenses, as applicable in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

(iii) Impairment of financial assets

"The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime credit losses (ECL) to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed."

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

(iv) De-recognition of financial assets

A financial asset is derecognised only when –

- (a) The Company has transferred the rights to receive cash flows from the financial asset or
- (b) Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(II) Financial Liabilities

(i) Measurement

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through Profit and Loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through profit or loss.

(ii) Derecognition

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

(D) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortization, where appropriate.

(E) Segment Report

- (i) The company identifies primary segment based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.
- (ii) The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

(F) Inventories Valuation

- (i) Raw materials (excluding Dyes and Chemicals), Components, Stores and Spares, Packing Materials are valued at lower of cost and net realisable value. Cost is determined on a weighted average cost basis.
- (ii) Cost of Dyes and Chemicals included in the cost of Raw Material are determined on first-in-first-out (FIFO) basis.
- (iii) Work-in-Progress and Finished Goods are valued at lower of cost and net realisable value. The cost are determined on estimated cost basis and valued on a weighted average basis.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

- (iv) Traded goods are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.
- (v) Scrap is valued at net realisable value.
- (vi) Due allowances are made in respect of slow moving, non-moving and obsolete inventories based on estimate made by the Management.
- (vii) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(G) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits with banks, deposit held at call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes outstanding bank overdraft shown within current liabilities in statement of financial balance sheet and which are considered as integral part of company's cash management policy.

(H) Income tax, deferred tax and dividend distribution tax

The Income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in the Profit and Loss except to the extent it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income respectively.

(i) Current income tax

Current tax charge is based on taxable profit for the year. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements at the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when, (a) the Company has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

Minimum Alternate Tax credit is recognised as an deferred tax asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

(iii) Dividend distribution tax :

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to statement of profit and loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity.

(I) Property, plant and equipment :

On transition to Ind AS, The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the property, plant and equipment.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

- (i) Freehold land is carried at historical cost including expenditure that is directly attributable to the acquisition of the land.
- (ii) All other items of property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items.
- (iii) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.
- (iv) Cost of Capital Work in Progress ('CWIP') comprises amount paid towards acquisition of property, plant and equipment outstanding as of each balance sheet date and construction expenditures, other expenditures necessary for the purpose of preparing the CWIP for its intended use and borrowing cost incurred before the qualifying asset is ready for intended use. CWIP is not depreciated until such time as the relevant asset is completed and ready for its intended use.
- (v) Depreciation methods, estimated useful lives and residual value
 - a. Fixed assets are stated at cost less accumulated depreciation.
 - b. Depreciation is provided on a pro rata basis on the written down value method over the estimated useful lives of the assets which is as prescribed under Schedule II to the Companies Act, 2013. The depreciation charge for each period is recognised in the Statement of Profit and Loss, unless it is included in the carrying amount of any other asset. The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.
- (vi) Tangible assets which are not ready for their intended use on reporting date are carried as capital work-in-progress.
- (vii) The residual values are not more than 5% of the original cost of the asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other expenses or other income as applicable.

(J) Investment Property

Property that is held for long-term rental yields or for capital appreciation or both and which is not occupied by the Company, is classified by Investing property. Investment property is measured at cost including related transaction cost and where applicable borrowing cost. Investment properties are depreciated at the same rate applicable for class of asset under Property, Plant and Equipment.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

(K) Intangible assets

On transition to Ind AS, The Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2016 measured as per the previous GAAP and used those carrying value as the deemed cost of the intangible assets.

- (i) An intangible asset shall be recognised if, and only if: (a) it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and (b) the cost of the asset can be measured reliably.
- (ii) Computer software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation / system integration services. The costs are capitalised in the year in which the relevant software is implemented / ready for use. The same is amortised over a period of 5 years on straight-line method.

(L) Leases

(i) As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(ii) As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

(M) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade discount, rebates. The Company recognises revenue as under :

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

(I) Sales

(i) The Company recognizes revenue from sale of goods & services when:

- (a) The significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, which coincides with the delivery of goods and with regard to services, when services are rendered.
- (b) The Company retains neither continuing managerial involvement to the degree usually associated with the ownership nor effective control over the goods sold.
- (c) The amount of revenue can be reliably measured.
- (d) It is probable that future economic benefits associated with the transaction will flow to the Company.
- (e) The cost incurred or to be incurred in respect of the transaction can be measured reliably.
- (f) The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(II) Other Income

(i) Interest Income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

(ii) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the group, and the amount of the dividend can be measured reliably.

(iii) Export Benefits

Export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

(N) Employee Benefit

(I) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(II) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Profit and Loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(III) Post-employment obligations

The Company operates the following post-employment schemes:

(a) Defined benefit gratuity plan :

Gratuity, which is defined benefit, is accrued based on actuarial valuation working provided by Life Insurance Corporation of India (LIC) . The Company has opted for a Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India (LIC), and the contribution is charged to the Statement of Profit & Loss each year. The Company has funded the liability on account of leave benefits through LIC's Group Leave Encashment Assurance Scheme and the Contribution is charged to Statement of Profit and Loss.

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan. The defined benefit obligation is calculated annually as provided by LIC. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

(b) Defined Contribution plan:

Contribution payable to recognised provident fund and superannuation scheme which is defined contribution scheme is charged to Statement of Profit & Loss. The company has no further obligation to the plan beyond its contribution.

(O) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. All the foreign exchange gains and losses are presented in the statement of Profit and Loss on a net basis within other expenses or other income as applicable.

(P) Borrowing Cost

- (i) Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.
- (ii) Borrowings are classified as current financial liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

(Q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company; and
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares; and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(R) Impairment of Assets

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(S) Provisions, contingent liabilities and contingent assets

(i) Provisions:

"Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss. "

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

(ii) **Contingent liabilities:**

" A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements."

(iii) **Contingent Assets:** Contingent Assets are disclosed, where an inflow of economic benefits is probable.

(T) Investments

On transition to Ind AS, equity investments are measured at fair value, with value changes recognised in Other Comprehensive Income, except for those mutual fund for which the Company has elected to present the fair value changes in the Statement of Profit and Loss.

(U) Trade receivables

Trade receivables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method, less provision for expected credit loss.

(V) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are recognised, initially at fair value, and subsequently measured at amortised cost using effective interest rate method.

(W) Operating Cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non current

(X) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Rupees Lacs (upto two decimals), unless otherwise stated as per the requirement of Schedule III (Division II).

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 3 - PROPERTY, PLANT AND EQUIPMENT

| Sr. No. | Particulars of Assets | GROSS CARRYING AMOUNT | | | | DEPRECIATION/IMPAIRMENT LOSSES | | | | (Amount in Lacs) | |
|---------|--|-----------------------|--------------------------|---------------------------|------------------|--------------------------------|-----------------|-------------------|---------------------------|------------------|--------------------------------------|
| | | As at 01.04.2017 | Purchase During the Year | Deduction during the Year | As at 31.03.2018 | As at 01.04.2017 | For the Year | Impairment Losses | Deduction during the Year | Upto 31.03.2018 | NET CARRYING AMOUNT As at 31.03.2018 |
| 1. | Freehold Land | 683.34 | - | - | 683.34 | - | - | - | - | - | 683.34 |
| 2. | Factory Building | 2,579.02 | 3.92 | - | 2,582.94 | 242.35 | 231.73 | - | - | 474.08 | 2,108.86 |
| 3. | Office Premises | 1,594.76 | - | - | 1,594.76 | 78.05 | 74.29 | - | - | 152.34 | 1,442.42 |
| 4. | Residential Building | 23.53 | - | - | 23.53 | 1.14 | 1.09 | - | - | 2.23 | 21.31 |
| 5. | Plant & Machinery | 2,695.79 | 379.04 | 490.07 | 2,584.76 | 500.36 | 417.39 | - | 452.10 | 465.66 | 2,119.10 |
| 6. | Electrical Installation | 156.43 | 0.15 | - | 156.58 | 41.73 | 30.90 | - | - | 72.63 | 83.96 |
| 7. | Furniture & Fixtures | 629.99 | 24.60 | - | 654.59 | 155.25 | 128.57 | - | - | 283.82 | 370.77 |
| 8. | Computer | 88.04 | 26.03 | 1.33 | 112.74 | 31.16 | 29.24 | - | 1.26 | 59.13 | 53.61 |
| 9. | Vehicle | 133.62 | 71.44 | 20.66 | 184.41 | 18.45 | 49.37 | - | 17.22 | 50.60 | 133.80 |
| 10. | Air Conditioner | 24.31 | 4.83 | - | 29.14 | 8.52 | 5.93 | - | - | 14.45 | 14.69 |
| 11. | Office Equipment | 174.78 | 22.08 | - | 196.86 | 74.42 | 48.93 | - | - | 123.35 | 73.52 |
| | Total Property, Plant and Equipment | 8,783.62 | 532.09 | 512.06 | 8,803.65 | 1,151.43 | 1,017.44 | - | 470.58 | 1,698.28 | 7,105.37 |

| Sr. No. | Particulars of Assets | GROSS CARRYING AMOUNT | | | | DEPRECIATION/IMPAIRMENT LOSSES | | | | (Amount in Lacs) | |
|---------|--|-----------------------|--------------------------|---------------------------|------------------|--------------------------------|-----------------|-------------------|---------------------------|------------------|--------------------------------------|
| | | As at 01.04.2016 | Purchase During the Year | Deduction during the Year | As at 31.03.2017 | As at 01.04.2016 | For the Year | Impairment Losses | Deduction during the Year | Upto 31.03.2017 | NET CARRYING AMOUNT As at 31.03.2017 |
| 1. | Freehold Land | 683.34 | - | - | 683.34 | - | - | - | - | - | 683.34 |
| 2. | Factory Building | 2,557.98 | 21.04 | - | 2,579.02 | - | 242.35 | - | - | 242.35 | 2,336.67 |
| 3. | Office Premises | 1,594.76 | - | - | 1,594.76 | - | 78.05 | - | - | 78.05 | 1,516.71 |
| 4. | Residential Building | 23.53 | - | - | 23.53 | - | 1.14 | - | - | 1.14 | 22.39 |
| 5. | Plant & Machinery | 1,897.12 | 828.55 | 29.88 | 2,695.79 | - | 529.15 | - | 28.79 | 500.36 | 2,195.43 |
| 6. | Electrical Installation | 156.40 | 0.03 | - | 156.43 | - | 41.73 | - | - | 41.73 | 114.70 |
| 7. | Furniture & Fixtures | 552.03 | 77.96 | - | 629.99 | - | 155.25 | - | - | 155.25 | 474.74 |
| 8. | Computer | 53.78 | 34.26 | - | 88.04 | - | 31.16 | - | - | 31.16 | 56.88 |
| 9. | Vehicle | 89.51 | 65.10 | 20.98 | 133.62 | - | 37.64 | - | 19.19 | 18.45 | 115.18 |
| 10. | Air Conditioner | 21.13 | 3.18 | - | 24.31 | - | 8.52 | - | - | 8.52 | 15.78 |
| 11. | Office Equipment | 157.06 | 17.72 | - | 174.78 | - | 74.42 | - | - | 74.42 | 100.36 |
| | Total Property, Plant and Equipment | 7,786.64 | 1,047.84 | 50.86 | 8,783.62 | - | 1,199.41 | - | 47.98 | 1,151.43 | 7,632.19 |

Note No. 3.1: Deemed cost as at 01.04.2016 which is the net carrying amount on 01.04.2016 which is tabulated as follows:

| Sr. No. | Particulars of Assets | Gross carrying amount As at 01.04.2016 | Reclassified as Investment property | Accumulated Depreciation | Net carrying amount |
|---------|-------------------------|--|-------------------------------------|--------------------------|---------------------|
| 1. | Freehold Land | 683.34 | - | - | 683.34 |
| 2. | Factory Building | 5,678.68 | - | 3,120.70 | 2,557.98 |
| 3. | Office Premises | 2,879.82 | 983.72 | 301.35 | 1,594.76 |
| 4. | Residential Building | 38.06 | - | 14.52 | 23.53 |
| 5. | Plant & Machinery | 19,299.81 | - | 17,402.69 | 1,897.12 |
| 6. | Electrical Installation | 607.21 | 110.57 | 340.24 | 156.40 |
| 7. | Furniture & Fixtures | 1,673.98 | 343.10 | 778.86 | 552.03 |
| 8. | Computer | 562.91 | - | 509.14 | 53.78 |
| 9. | Vehicle | 357.28 | - | 267.78 | 89.51 |
| 10. | Air Conditioner | 202.20 | 39.32 | 141.75 | 21.13 |
| 11. | Office Equipment | 517.09 | 14.88 | 345.14 | 157.06 |
| | Total | 32,500.39 | 1,491.59 | 23,222.16 | 7,786.64 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 4 - CAPITAL WORK IN PROGRESS

(Amount in Lacs)

| Sr. No. | Particulars of Assets | As at 01.04.2017 | Purchase During the Year | Deduction during the Year | As at 31.03.2018 |
|---------|---------------------------------------|------------------|--------------------------|---------------------------|------------------|
| 1. | Plant & Machinery | 95.06 | 290.46 | 369.32 | 16.20 |
| 2. | Factory Building | - | 5.28 | - | 5.28 |
| 3. | Furniture & Fixtures | - | 172.43 | - | 172.43 |
| | Total Capital Work-In-Progress | 95.06 | 468.17 | 369.32 | 193.91 |

(Amount in Lacs)

| Sr. No. | Particulars of Assets | As at 01.04.2016 | Purchase During the Year | Deduction during the Year | As at 31.03.2017 |
|---------|---------------------------------------|------------------|--------------------------|---------------------------|------------------|
| 1. | Plant & Machinery | 59.72 | 69.62 | 34.27 | 95.06 |
| | Total Capital Work-In-Progress | 59.72 | 69.62 | 34.27 | 95.06 |

Note No. 5 - INVESTMENT PROPERTY

(Amount in Lacs)

| Sr. No. | Particulars of Assets | GROSS CARRYING AMOUNT | | | | DEPRECIATION/IMPAIRMENT LOSSES | | | | | NET CARRYING AMOUNT |
|---------|----------------------------------|-----------------------|--------------------------|---------------------------|------------------|--------------------------------|---------------|-------------------|---------------------------|-----------------|---------------------|
| | | As at 01.04.2017 | Purchase During the Year | Deduction during the Year | As at 31.03.2018 | As at 01.04.2017 | For the Year | Impairment Losses | Deduction during the Year | Upto 31.03.2018 | As at 31.03.2018 |
| 1. | Office Premises | 1,491.59 | - | - | 1,491.59 | 189.87 | 145.89 | - | - | 335.76 | 1,155.83 |
| | Total Investment Property | 1,491.59 | - | - | 1,491.59 | 189.87 | 145.89 | - | - | 335.76 | 1,155.83 |

(Amount in Lacs)

| Sr. No. | Particulars of Assets | GROSS CARRYING AMOUNT | | | | DEPRECIATION/IMPAIRMENT LOSSES | | | | | NET CARRYING AMOUNT |
|---------|----------------------------------|-----------------------|--------------------------|---------------------------|------------------|--------------------------------|---------------|-------------------|---------------------------|-----------------|---------------------|
| | | As at 01.04.2016 | Purchase During the Year | Deduction during the Year | As at 31.03.2017 | As at 01.04.2016 | For the Year | Impairment Losses | Deduction during the Year | Upto 31.03.2017 | As at 31.03.2017 |
| 1. | Office Premises | 1,491.59 | - | - | 1,491.59 | - | 189.87 | - | - | 189.87 | 1,301.72 |
| | Total Investment Property | 1,491.59 | - | - | 1,491.59 | - | 189.87 | - | - | 189.87 | 1,301.72 |

Amount recognised in profit or loss for Investment Properties

| | Particulars | As at 31.03.2018 | As at 31.03.2017 |
|----|--|------------------|------------------|
| 1. | Rental Income | 819.12 | 759.45 |
| 2. | Direct operating expenses. | 168.98 | 195.29 |
| 3. | There are no restrictions on the realisability of investment property. | | |
| 4. | The company is using same life for the same class of asset as applicable for property plant and equipment. | | |
| 5. | The company is currently using the property as godown for old machinery. | | |
| | Fair Value | | |
| 1. | Investment property - Land and Bulding, the market value has not been ascertained. | | |
| 2. | The range of estimates within which fair value is highly likely to lie- Between Rs.50 Crores to 65 Crores | | |

Note No. 6 - OTHER INTANGIBLE ASSETS

(Amount in Lacs)

| Sr. No. | Particulars of Assets | GROSS CARRYING AMOUNT | | | | DEPRECIATION/IMPAIRMENT LOSSES | | | | | NET CARRYING AMOUNT |
|---------|--------------------------------------|-----------------------|--------------------------|---------------------------|------------------|--------------------------------|--------------|-------------------|---------------------------|-----------------|---------------------|
| | | As at 01.04.2017 | Purchase During the Year | Deduction during the Year | As at 31.03.2018 | As at 01.04.2017 | For the Year | Impairment Losses | Deduction during the Year | Upto 31.03.2018 | As at 31.03.2018 |
| 1. | Computer Software | 50.78 | 12.29 | 5.87 | 57.21 | 18.23 | 12.81 | | 2.81 | 28.23 | 28.97 |
| | Total Other Intangible Assets | 50.78 | 12.29 | 5.87 | 57.21 | 18.23 | 12.81 | | 2.81 | 28.23 | 28.97 |

(Amount in Lacs)

| Sr. No. | Particulars of Assets | GROSS CARRYING AMOUNT | | | | DEPRECIATION/IMPAIRMENT LOSSES | | | | | NET CARRYING AMOUNT |
|---------|--------------------------------------|-----------------------|--------------------------|---------------------------|------------------|--------------------------------|--------------|-------------------|---------------------------|-----------------|---------------------|
| | | As at 01.04.2016 | Purchase During the Year | Deduction during the Year | As at 31.03.2017 | As at 01.04.2016 | For the Year | Impairment Losses | Deduction during the Year | Upto 31.03.2017 | As at 31.03.2017 |
| 1. | Computer Software | 47.46 | 8.05 | 4.72 | 50.78 | - | 20.65 | | 2.42 | 18.23 | 32.55 |
| | Total Other Intangible Assets | 47.46 | 8.05 | 4.72 | 50.78 | - | 20.65 | | 2.42 | 18.23 | 32.55 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No. 6.1: Deemed cost as at 01.04.2016 which is the net carrying amount on 01.04.2016 which is tabulated as follows:

| Sr. No. | Particulars of Assets | Gross carrying amount as at April 01, 2016 | Reclassified as Investment property | Accumulated Depreciation | Net carrying amount |
|---------|-----------------------|--|-------------------------------------|--------------------------|---------------------|
| 1 | Computer Software | 198.47 | - | 151.01 | 47.46 |
| | Total | 198.47 | - | 151.01 | 47.46 |

Notes:

- (a) The Company has elected to measure all its property, plant and equipment at the previous GAAP carrying amount i.e. April 1, 2016 as its deemed cost (Gross Block Value) on the date of transition to Ind AS i.e. April 1, 2016.
- (b) The Company has availed the deemed cost exemption in relation to the property, plant and equipment, capital work-in-progress and intangibles on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

7. INVESTMENT

| Particulars | Face Value | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|------------------------------|--------------|------------------|--------------|------------------|--------------|------------------|--------------|
| | Amt. in Lacs | Qty | Amt. in Lacs | Qty | Amt. in Lacs | Qty | Amt. in Lacs |
| Unquoted (At FVTPL) | | | | | | | |
| Equity Instruments | | | | | | | |
| Palsana EnviroProtectionLtd. | 100 | 72,000 | 98.40 | 72,000 | 98.40 | 72,000 | 98.40 |
| Total | | | 98.40 | | 98.40 | | 98.40 |

8. OTHER NON CURRENT FINANCIAL ASSETS

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|---|----------------------------------|----------------------------------|----------------------------------|
| (Unsecured, considered good, unless otherwise stated) | | | |
| (a) Security Deposits | 174.87 | 132.09 | 105.21 |
| (b) Loan to Staff | 3.05 | 124.56 | 62.40 |
| Total | 177.92 | 256.65 | 167.61 |

9. DEFERRED TAX ASSETS (Net)

| | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|--|----------------------------------|----------------------------------|----------------------------------|
| (a) Deferred tax Assets (Net) (Refer Note 9.1) | 1,140.53 | 1,292.37 | 1,451.45 |
| Total | 1,140.53 | 1,292.37 | 1,451.45 |

Note No.: 9.1

| Particulars | As at 01.04.2017 | Recognised in statement of profit and loss | Recognised in OCI | Reclassified as MAT credit | As at 31.03.2018 |
|---|------------------|--|-------------------|----------------------------|------------------|
| Deferred Tax Assets/(Liabilities) | | | | | |
| Property, plant and equipment/Investment Property/Other Intangible Assets | 972.29 | 173.84 | - | - | 798.45 |
| Fair Value through Profit & Loss | (127.39) | (21.84) | - | - | (105.55) |
| Expenses allowable under income tax on payment basis | 12.12 | (14.33) | - | - | 26.45 |
| Mat Credit Entitlement | 278.00 | - | - | 81.10 | 196.91 |
| Allowance for Bad & Doubtful Debts | 157.35 | (66.93) | - | - | 224.28 |
| | 1,292.37 | 70.75 | - | 81.10 | 1,140.53 |

| Particulars | As at 01.04.2016 | Recognised in statement of profit and loss | Recognised in OCI | Reclassified as MAT credit | As at 31.03.2017 |
|---|------------------|--|-------------------|----------------------------|------------------|
| Deferred Tax Assets/(Liabilities) | | | | | |
| Property, plant and equipment/Investment Property/Other Intangible Assets | 1,150.08 | 177.79 | - | - | 972.29 |
| Fair Value through Profit & Loss | - | 127.39 | - | - | (127.39) |
| Expenses allowable under income tax on payment basis | 5.19 | (6.93) | - | - | 12.12 |
| Mat Credit Entitlement | 357.54 | - | - | 79.53 | 278.00 |
| Allowance for Bad & Doubtful Debts | (61.36) | (218.70) | - | - | 157.35 |
| | 1,451.45 | 79.55 | - | 79.53 | 1,292.37 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

Income tax

The major components of income tax expense for the year ended 31.03.2018

| Particulars | For the year ended 31 March, 2018 | For the year ended 31 March, 2017 |
|---|-----------------------------------|-----------------------------------|
| Profit and Loss: | | |
| Current tax – net of reversal of earlier years : Rs. (.73 lakhs) (31 March 2017: Rs. 61.13 lakhs) | 585.43 | 430.49 |
| Deferred Tax– net of reversal of earlier years : Rs. Nil (31 March 2017: Rs. Nil) | 70.75 | 79.55 |
| Income Tax Expenses | 656.18 | 510.04 |

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate

| Particulars | For the year ended 31 March, 2018 | For the year ended 31 March, 2017 |
|--|-----------------------------------|-----------------------------------|
| Profit before income tax expense | 1,976.69 | 1,418.28 |
| Tax at the Indian tax rate 34.608% | 684.09 | 490.84 |
| Add: Items giving rise to difference in tax | | |
| Effect of non-deductible expenses | (21.02) | (46.79) |
| Expenses allowable under income tax on payment basis | (0.25) | (6.93) |
| Timing difference | 2.46 | 1.61 |
| Transition Effect | (8.16) | 0.01 |
| Others | (0.94) | 61.29 |
| Income Tax Expenses | 656.18 | 510.03 |

Note: The figures have been regrouped/reclassified, wherever necessary.

10. OTHER TAX ASSETS (Net)

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|---|----------------------------------|----------------------------------|----------------------------------|
| (a) Advance Tax and Tax deducted at source [Net of Current Tax provision] | - | - | 55.49 |
| Total | - | - | 55.49 |

11. OTHER NON-CURRENT ASSETS

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|--|----------------------------------|----------------------------------|----------------------------------|
| (Unsecured, considered good, unless otherwise stated) | | | |
| (a) Capital Advances | 66.13 | 124.60 | 88.41 |
| (b) Other Deposits | 25.00 | 25.00 | - |
| (c) Advance recoverable in cash or in kind or for value to be received | 74.23 | 11.68 | 12.39 |
| Total | 165.36 | 161.28 | 100.80 |

12. INVENTORIES

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|--|----------------------------------|----------------------------------|----------------------------------|
| (a) Raw Material | 4,107.30 | 3,821.01 | 3,104.31 |
| (b) Semi Finished Goods | 4,121.01 | 2,184.36 | 2,163.73 |
| (c) Finished Goods (Refer Note No. 12.1) | 8,160.63 | 7,176.93 | 8,503.35 |
| (d) Traded Finished Goods | 3,187.73 | 2,957.83 | 1,972.11 |
| (e) Stores & Tools | 647.22 | 629.97 | 586.72 |
| (f) Packing Material | 434.70 | 327.46 | 245.82 |
| Total | 20,658.59 | 17,097.56 | 16,576.04 |

Note No 12.1: Finished Goods inventory includes Goods-in transit Rs. 14.03 lacs (as at 31.03.2017 - Rs. 16.03 lacs and as at 01.04.2016 - Rs.18.04 lacs)

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

13. TRADE RECEIVABLES

| Particulars | As at 31.03.2018 Amt. in Lacs | | As at 31.03.2017 Amt. in Lacs | | As at 01.04.2016 Amt. in Lacs | |
|---|----------------------------------|------------------|----------------------------------|------------------|----------------------------------|------------------|
| (Unsecured) | | | | | | |
| (a) Considered Good (Refer No. 13.1 & 49) | 13,516.22 | | 11,017.52 | | 10,110.76 | |
| (b) Considered Doubtful | [614.03 | | 454.66 | | 182.17 | |
| | 14,130.25 | | 11,472.18 | | 10,292.93 | |
| Less: Allowance for Expected Credit Loss | 614.03 | 13,516.22 | 454.66 | 11,017.52 | 182.17 | 10,110.76 |
| Total | | 13,516.22 | | 11,017.52 | | 10,110.76 |

Note No. 13.1: Balance of Debtors includes Rs.222.81 lacs (31.03.2017 Rs. Rs.234.56 lacs and 01.04.2016 Rs.529.54 lacs) which are overdue but no provision has been made in the accounts as Management is hopeful of recovery.

Movement in the allowance of Expected Credit Loss

| Particulars | As at 31.03.2018 Amt. in Lacs | | As at 31.03.2017 Amt. in Lacs | | As at 01.04.2016 Amt. in Lacs | |
|---|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|---------------|
| (a) Balance at the beginning of the year | 454.66 | | 182.17 | | - | |
| (b) Less: Amounts written off during the year (net) | - | 454.66 | - | 182.17 | - | - |
| (c) Changes in allowance for doubtful receivables | | 159.37 | | 272.49 | | 182.17 |
| (d) Balance at end of the year | | 614.03 | | 454.66 | | 182.17 |

14. CASH AND CASH EQUIVALENTS

| Particulars | As at 31.03.2018 Amt. in Lacs | | As at 31.03.2017 Amt. in Lacs | | As at 01.04.2016 Amt. in Lacs | |
|-------------------------------|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|---------------|
| (a) <u>Balance with banks</u> | | | | | | |
| - In Current Account | 66.76 | | 113.99 | | 97.25 | |
| (b) Cheques, Drafts in Hand | 115.65 | | 58.32 | | 87.53 | |
| (c) Cash In Hand | 32.27 | 214.68 | 18.46 | 190.77 | 27.50 | 212.28 |
| Total | | 214.68 | | 190.77 | | 212.28 |

15. BANK BALANCES

| Particulars | As at 31.03.2018 Amt. in Lacs | | As at 31.03.2017 Amt. in Lacs | | As at 01.04.2016 Amt. in Lacs | |
|---|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|---------------|
| (a) Unpaid Dividend Account (Refer Note No. 15.1) | 1.92 | | 2.78 | | 3.17 | |
| (b) Margin Money Deposits (Refer Note No. 15.2) | 340.46 | 342.38 | 268.36 | 271.14 | 261.42 | 264.59 |
| Total | | 342.38 | | 271.14 | | 264.59 |

There are no amount due for payment to the Investor Education & Protection Fund under section 125 of Companies Act, 2013 as at the year end.

Note No 15.1

The Company can utilise these balances towards settlement of unpaid dividend only

Note No 15.2

Margin money deposits amounting to Rs. 340.46 lakhs (as at 31.03.2017 - Rs.268.36 lakhs as at 01.04.2016 - Rs. 261.42 lakhs) are lying with bank against Bank Guarantees and Letter of Credit.

16. OTHER CURRENT FINANCIAL ASSETS

| Particulars | As at 31.03.2018 Amt. in Lacs | | As at 31.03.2017 Amt. in Lacs | | As at 01.04.2016 Amt. in Lacs | |
|---|----------------------------------|---------------|----------------------------------|---------------|----------------------------------|---------------|
| (Unsecured, considered good, unless otherwise stated) | | | | | | |
| (a) Deposits | 9.16 | | 9.16 | | 9.75 | |
| (b) Interest Receivable | 110.20 | | 229.17 | | 289.85 | |
| (c) Loans to Staff | 163.14 | | 106.62 | | 88.12 | |
| Total | | 282.50 | | 344.95 | | 387.72 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

17. OTHER TAX ASSETS (Net)

| Particulars | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|------------------|------------------|------------------|
| | Amt. in Lacs | Amt. in Lacs | Amt. in Lacs |
| (a) Advance Tax and Tax deducted at source [Net of Current Tax provision] | 58.79 | 55.77 | 14.56 |
| Total | 58.79 | 55.77 | 14.56 |

18. OTHER CURRENT ASSETS

| Particulars | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|--|------------------|------------------|------------------|
| | Amt. in Lacs | Amt. in Lacs | Amt. in Lacs |
| (Unsecured, considered good, unless otherwise stated) | | | |
| (a) Trade Advances | 329.66 | 310.86 | 381.67 |
| (b) Advance recoverable in cash or in kind or for value to be received | 184.64 | 215.35 | 71.87 |
| (c) Export Incentive Receivable | 1,062.14 | 693.56 | 538.46 |
| (d) Balance with Government Authorities | 1,074.64 | 6.38 | 5.43 |
| (e) Others | 1.76 | 1.89 | 0.99 |
| Total | 2,652.84 | 1,228.04 | 998.42 |

19. EQUITY SHARE CAPITAL

| Particulars | Face Value Amt. in Lacs | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|--|----------------------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|
| | | Qty | Amt. in Lacs | Qty | Amt. in Lacs | Qty | Amt. in Lacs |
| (a) Authorised Shares | | | | | | | |
| Equity Instruments | | | | | | | |
| Equity Shares | 2 | 160,000,000 | 3,200.00 | 160,000,000 | 3,200.00 | 160,000,000 | 3,200.00 |
| (b) Issued, Subscribed and Fully Paid Up Shares | | | | | | | |
| Equity Instruments | | | | | | | |
| Equity Shares | 2 | 52,000,000 | 1,040.00 | 52,000,000 | 1,040.00 | 52,000,000 | 1,040.00 |
| Total | | | 1,040.00 | | 1,040.00 | | 1,040.00 |

Note No 19.1: The reconciliation of the number of shares outstanding at the beginning and at the end of reporting period 31-03-2018 :

| Particulars | Face Value | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|---|--------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|
| | Amt. in Lacs | No. of shares | Value (in Lacs.) | No. of shares | Value (in Lacs.) | No. of shares | Value (in Lacs.) |
| (a) Number of shares at the beginning | 2 | 52,000,000 | 1,040.00 | 52,000,000 | 1,040.00 | 52,000,000 | 1,040.00 |
| (b) Add : Shares issued during the year | - | - | - | - | - | - | - |
| (c) Less : Shares bought back (if any) | - | - | - | - | - | - | - |
| (d) Number of shares at the end | | 52,000,000 | 1,040.00 | 52,000,000 | 1,040.00 | 52,000,000 | 1,040.00 |

Note No 19.2: Terms / rights attached to equity shares:

- (a) The company has only one class of equity shares having a par value of Rs. 2 per share. Each holder of equity shares is entitled to one vote per share. There is no interim dividend proposed by the Board of Directors.
- (b) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No 19.3: The details of shareholders holding more than 5% shares in the company:

| Sr. No. | Name of the shareholders | Face Value | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|--------------|---|--------------|--------------------|------------------|--------------------|------------------|--------------------|------------------|
| | | Amt. in Lacs | No. of shares held | % of shares held | No. of shares held | % of shares held | No. of shares held | % of shares held |
| 1. | Rahul R. Agarwal | 2 | 4,596,000 | 8.84% | 4,596,000 | 8.84% | 4,596,000 | 8.84% |
| 2. | Merrill Lynch Capital Markets ESPANA S. A. S.V. | 2 | - | - | - | - | 3,965,000 | 7.63% |
| 3. | Rajendra Agarwal | 2 | 3,856,814 | 7.42% | 3,846,000 | 7.40% | 3,846,000 | 7.40% |
| 4. | Ajay Agarwal | 2 | 3,729,500 | 7.17% | 3,729,500 | 7.17% | 3,729,500 | 7.17% |
| 5. | Surya A. Agarwal | 2 | 3,640,750 | 7.00% | 3,640,750 | 7.00% | 3,640,750 | 7.00% |
| 6. | Neena Agarwal | 2 | 2,917,750 | 5.61% | 2,917,750 | 5.61% | 2,917,750 | 5.61% |
| 7. | Bhavardevi Agarwal | 2 | 2,768,000 | 5.32% | 2,768,000 | 5.32% | 2,768,000 | 5.32% |
| Total | | | 21,508,814 | 41.36% | 21,498,000 | 41.34% | 25,463,000 | 48.97% |

Note No 19.4: The Board of Directors have recommended dividend of Rs.0.20 per Share (Previous Year Rs.0.20 per share) to be distributed to equity shareholders for the year ended 31.03.2018 as Final Dividend. The total amount of dividend shall be Rs.125.17 lakhs (including dividend distribution tax Rs.21.38 lakhs), (Previous Year Rs.125.17 lakhs including dividend distribution tax Rs.21.17 lakhs).

| (i) Equity Share | | As at 31.03.2018 | As at 31.03.2017 |
|---|--|------------------|------------------|
| Final Dividend | | 104.00 | 104.00 |
| Dividend distribution tax on above dividend | | 21.17 | 21.17 |
| (ii) Dividend not recognised at the end of the reporting period | | | |
| Proposed dividend | | 104.00 | 104.00 |
| Dividend not recognised at the end of the reporting period | | 21.38 | 21.17 |

20. OTHER EQUITY

| Particulars | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|------------------|------------------|------------------|
| | Amt. in Lacs | Amt. in Lacs | Amt. in Lacs |
| Reserves & surplus* | | | |
| (a) General Reserves ++ | 3,499.42 | 3,499.42 | 3,499.42 |
| (b) Retained earnings | 5,312.14 | 4,116.81 | 3,333.73 |
| (c) Other Comprehensive Income (OCI) | | | |
| -Remeasurement of net defined benefit plans | 14.94 | 11.68 | 4.78 |
| Total | 8,826.50 | 7,627.91 | 6,837.93 |

* For movement, refer statement of changes in equity.

++ General reserve reflects amount transferred from statement of profit and loss in accordance with regulations of the Companies Act, 2013.

21. NON CURRENT BORROWING

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|--|------------------|---------------|------------------|-----------------|------------------|-----------------|
| | Amt. in Lacs | | Amt. in Lacs | | Amt. in Lacs | |
| (a) Secured Loans (Refer Note No. 21.1) | | | | | | |
| Term Loans - From Bank | | | | | | |
| Indian Rupee | 766.81 | | 1,733.73 | | 2,242.02 | |
| Less : Current Maturities of Long Term Debts (Refer Note No. 26) | 830.60 | 936.21 | 390.73 | 1,343.00 | 499.02 | 1,743.00 |
| Total | | 936.21 | | 1,343.00 | | 1,743.00 |

Note No 21.1: Nature of Securities

| Facility | Sr. No. | Name of the Bank | Primary | Collateral | Guarantee |
|-----------|---------|---|---|--|---|
| Term Loan | 1 | State Bank of India (Formerly known as State Bank of Hyderabad) | First charge on the fixed assets created out of loan and the existing fixed assets also | Second charge on the current assets of the company | Personal Guarantee of Promoter Directors Shri. Vishwanath L Agarwal, Chairman, Shri. Rajendra V Agarwal, Managing Director. |
| | 2 | Yes Bank Limited | First Pari Passu Charge on all the present and future current assets of the Borrower. | Second Pari Passu Charge on all the fixed assets of the Borrower except the corporate office at MIDC, Andheri East | Personal Guarantee of Mr. Vishwanath Agarwal and Mr. Rajendra Agarwal. |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

Note No 21.2: Terms of Repayment

| Facility | Sr. No. | Term Loan taken from (Bank's Name) | Loan taken in the year | Loan installment started / starting from | Interest Rate (In %) | Total No of installments (Quarterly) |
|-----------|---------|------------------------------------|------------------------|--|----------------------|--------------------------------------|
| Term Loan | 1 | State Bank of India | 2007-2008 | Apr '09 | 15.00% | 32 |
| | 2 | Yes Bank Limited | 2017-2018 | Mar '18 | 10.60% | 20 |

22. OTHER FINANCIAL LIABILITIES

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|--|----------------------------------|----------------------------------|----------------------------------|
| (a) <u>Others</u> Deposits from dealers / customers (Refer Note No. 22.1) | 1,533.28 | 1,507.30 | [1,428.26] |
| Total | 1,533.28 | 1,507.30 | 1,428.26 |

Note No 22.1: Deposit from Dealers / customers are interest free deposit and repayable on termination of agreement unless otherwise agreed.

23. OTHER NON CURRENT LIABILITIES

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|---|----------------------------------|----------------------------------|----------------------------------|
| (a) <u>Others</u> Unearned Income on security deposit received | 32.28 | 51.54 | 88.46 |
| Total | 32.28 | 51.54 | 88.46 |

24. CURRENT BORROWING

| Particulars | As at 31.03.2018 Amt. in Lacs | | As at 31.03.2017 Amt. in Lacs | | As at 01.04.2016 Amt. in Lacs | |
|--|----------------------------------|------------------|----------------------------------|------------------|----------------------------------|------------------|
| (a) Secured Loans (Refer Note No. 24.1) | | | | | | |
| From Bank | | | | | | |
| (i) Working Capital Loans | 17,183.29 | | 16,906.46 | | 16,539.56 | |
| (ii) Cash Credit | 7,164.40 | | 4,701.46 | | 3,864.79 | |
| (iii) Export Packing Credit | 232.88 | 24,580.57 | 600.86 | 22,208.78 | 1,015.34 | 21,419.69 |
| (b) Unsecured Loans | | | | | | |
| Loans and Advances from Related Party | | | | | | |
| (i) From Directors | | 4,052.45 | | 2,496.91 | | 3,307.15 |
| Total | | 28,633.02 | | 24,705.69 | | 24,726.84 |

| Note No 24.1: | | Nature of Securities | | | |
|--|---|---|--|---|--|
| Facility | Name of the Bank | Primary | Collateral | Guarantee | |
| Working Capital Limits (CC/WCDL/EPC/FUDD/ FBP/LC/BG) | State Bank of India (Formerly known as State Bank of Hyderabad) | First pari Passu charge on the current assets of the company, both present & future | Second Pari Passu charge on fixed assets of the company excluding land and building situated at Andheri (E) | Personal Guarantee of Promoter Directors Shri. Vishwanath L Agarwal, Chairman, Shri. Rajendra V Agarwal, Managing Director. | |
| Working Capital Limits (CC/WCDL/EPC/FUDD/ FBP/LC/BG) | Dena Bank | First charge on the current assets of the company ranking pari passu with consortium banks. | Second Pari Passu charge on the fixed assets of the company (present & future) Except Land and Building at Plot No. -A/49 and A/50, Marol MIDC, Andheri (East), Mumbai and Land admeasuring 3200 M at Surat given to 4 subsidiaries of Promoters | Personal Guarantee of Promoter Directors Shri. Vishwanath L Agarwal, Chairman, Shri. Rajendra V Agarwal, Managing Director. | |
| Working Capital Limits (CC) | Indian Bank | Hypothecation of Stock, Book Debts & other current assets present & future | Second Pari passu charge on the entire fixed assets of the Company Excluding Land & Building of Corporate office at MIDC, Andheri (East) | Personal Guarantee of Promoter Directors Shri. Vishwanath L Agarwal, Chairman, Shri. Rajendra V Agarwal, Managing Director. | |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

| Note No 24.1: | | Nature of Securities | | |
|-----------------------------|------------------|---|--|---|
| Facility | Name of the Bank | Primary | Collateral | Guarantee |
| Working Capital Limits (CC) | Bank of Baroda | Hypothecation of Stock, Book Debts & other current assets present & future | Second Pari passu charge on the entire fixed assets of the Company Excluding Land & Building of Corporate office at MIDC, Andheri (East) | Personal Guarantee of Promoter Directors Shri. Vishwanath L Agarwal, Chairman, Shri. Rajendra V Agarwal, Managing Director. |
| Working Capital Limits (CC) | Yes Bank Limited | First Pari Passu Charge on all the present and future current assets of the Borrower. | Second Pari Passu Charge on all the fixed assets of the Borrower except the corporate office at MIDC, Andheri East | Personal Guarantee of Promoter Directors Shri. Vishwanath L Agarwal, Chairman, Shri. Rajendra V Agarwal, Managing Director. |

25. TRADE PAYABLES

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|---|----------------------------------|----------------------------------|----------------------------------|
| (a) Dues of micro and small enterprises (Refer Note No. 25.1) | - | - | - |
| (b) Dues other than micro and small (Refer Note No. 25.1) enterprises | 4,857.38 | 3,164.16 | 2,615.06 |
| Total | 4,857.38 | 3,164.16 | 2,615.06 |

Note No 25.1:

The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid / payable under this Act, have not been given.

26. OTHER CURRENT FINANCIAL LIABILITIES

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|---|----------------------------------|----------------------------------|----------------------------------|
| (a) Current maturities of long-term debts (Refer Note No. 21) | 830.60 | 390.73 | 499.02 |
| (b) Unpaid Dividend | 1.92 | 2.78 | 3.17 |
| (c) Sundry Creditors for Capital Goods | 100.37 | 107.39 | 97.97 |
| (d) Deposits | 6.02 | 3.17 | 3.53 |
| Total | 938.91 | 504.07 | 603.69 |

27. OTHER CURRENT LIABILITIES

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|--|----------------------------------|----------------------------------|----------------------------------|
| (a) Advance from Customers | 521.84 | 772.63 | 378.69 |
| (b) Unearned Income on security deposit received | 19.26 | 26.29 | 28.65 |
| (c) Statutory Dues Payable | 112.08 | 113.33 | 119.17 |
| Total | 653.18 | 912.25 | 526.51 |

28. PROVISIONS

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|--|----------------------------------|----------------------------------|----------------------------------|
| (a) <u>Provision for Employee Benefits</u> | | | |
| Leave Encashment | 128.93 | 158.64 | 145.00 |
| Gratuity (Refer Note No. 43) | 20.37 | 11.78 | 8.31 |
| Total | 149.30 | 170.42 | 153.31 |

29. CURRENT TAX LIABILITIES (Net)

| Particulars | As at 31.03.2018 Amt. in Lacs | As at 31.03.2017 Amt. in Lacs | As at 01.04.2016 Amt. in Lacs |
|--|----------------------------------|----------------------------------|----------------------------------|
| (a) Provision for Taxation [Net of Tax Payments] | 192.23 | 49.63 | 60.49 |
| Total | 192.23 | 49.63 | 60.49 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

30. CONTINGENT LIABILITIES AND COMMITMENTS

| Particulars | As at 31.03.2018 Amt. in Lacs | | As at 31.03.2017 Amt. in Lacs | | As at 01.04.2016 Amt. in Lacs | |
|---|----------------------------------|-----------------|----------------------------------|-----------------|----------------------------------|-----------------|
| (a) Contingent Liability not provided for in respect of | | | | | | |
| (i) Claims against the Company not acknowledged as debt | | 45.85 | | 45.85 | | 4.96 |
| (ii) <u>Other money for which the company is contingently liable :</u> | | | | | | |
| Disputed Sales Tax Liability | Nil | | 3.83 | | 3.83 | |
| Excise Duty Liability | 4.17 | | 4.17 | | 4.17 | |
| Other Government Dues | 76.94 | | 76.94 | | - | |
| Bonds executed under EPCG Schemes to Customs Authorities | 786.11 | 867.22 | 1,323.43 | 1,408.36 | 1,227.97 | 1,235.96 |
| (b) Commitments not provided for in respect of | | | | | | |
| (i) Estimated amount of contracts remaining to be executed on capital account (net of advances) | | 93.98 | | 96.60 | | 67.27 |
| Total | | 1,007.05 | | 1,550.81 | | 1,308.19 |

31. REVENUE FROM OPERATIONS

| Particulars | 2017-2018 Amt. in Lacs | | 2016-17 Amt. in Lacs | |
|------------------------------------|---------------------------|------------------|-------------------------|------------------|
| (a) Sale of Products | | 48,174.57 | | 46,351.35 |
| (b) Sale of Services | | 2,685.62 | | 2,938.12 |
| (c) <u>Other Operating Revenue</u> | | | | |
| Sale of Scrap | 117.16 | | 120.32 | |
| Export Incentives | 383.03 | | 450.55 | |
| Other Income | 47.70 | 547.89 | 54.95 | 625.82 |
| | | 51,408.08 | | 49,915.29 |

32. OTHER INCOME

| Particulars | 2017-2018 Amt. in Lacs | | 2016-17 Amt. in Lacs | |
|---|---------------------------|---------------|-------------------------|---------------|
| (a) <u>Interest income</u> | | | | |
| Interest on Deposit with Bank | 21.53 | | 22.11 | |
| Interest received on Tax Refunds | - | | 1.44 | |
| Fair Valuation of Financial Assets | 130.30 | | 180.94 | |
| Unwinding of interest on security deposits | 4.79 | | 2.46 | |
| Interest on delayed payments from Customers | 29.66 | 186.28 | 414.58 | 621.53 |
| (b) <u>Other non-operating income</u> | | | | |
| Net gain on Sale of Fixed Asset | 56.28 | | 114.00 | |
| Provision no longer required, written back | 13.71 | | 20.20 | |
| Miscellaneous Income | 25.05 | 95.04 | 12.21 | 146.41 |
| Total | | 281.32 | | 767.94 |

33. COST OF MATERIALS CONSUMED

| Particulars | 2017-2018 Amt. in Lacs | | 2016-17 Amt. in Lacs | |
|--|---------------------------|------------------|-------------------------|------------------|
| <u>Raw Material Consumed</u> | | | | |
| Opening Stock of Raw Material | 3,821.01 | | 3,104.31 | |
| Add : Purchases of Raw Material | 24,419.97 | | 20,158.69 | |
| Less : Closing Stock of Raw Material | 4,107.30 | 24,133.68 | 3,821.01 | 19,441.99 |
| Total of Cost of materials consumed | | 24,133.68 | | 19,441.99 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

34. PURCHASES OF STOCK IN TRADE

| Particulars | 2017-2018 Amt. in Lacs | 2016-17 Amt. in Lacs |
|-----------------------------|---------------------------|-------------------------|
| (a) Finish Fabric Purchases | 1,723.60 | 4,415.47 |
| (b) Grey Fabric Purchases | 840.94 | 622.43 |
| (c) Garment Purchases | 612.68 | 949.51 |
| Total | 3,177.22 | 5,987.41 |

35. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

| Particulars | 2017-2018 Amt. in Lacs | 2016-17 Amt. in Lacs |
|---|---------------------------|-------------------------|
| (a) Inventories at the end of the year | | |
| Finished Goods | 8,160.63 | 7,176.93 |
| Work in Progress | 4,121.01 | 2,184.36 |
| Stock-in-Trade | 3,187.73 | 2,957.83 |
| (b) Inventories at the beginning of the year | | |
| Finished Goods | 7,176.93 | 8,363.64 |
| Work in Progress | 2,184.36 | 2,163.74 |
| Stock-in-Trade | 2,957.83 | 2,111.82 |
| Total | (3,150.25) | 320.08 |

36. EMPLOYEE BENEFITS EXPENSE

| Particulars | 2017-2018 Amt. in Lacs | 2016-17 Amt. in Lacs |
|--|---------------------------|-------------------------|
| (a) Salaries, Wages & Other Benefits | 5,864.53 | 5,242.66 |
| (b) Contribution to Provident Fund and Other Funds | 292.48 | 214.28 |
| (c) Staff Welfare Expenses | 156.74 | 106.12 |
| Total | 6,313.75 | 5,563.06 |

37. FINANCE COSTS

| Particulars | 2017-2018 Amt. in Lacs | 2016-17 Amt. in Lacs |
|--|---------------------------|-------------------------|
| (a) Interest expenses | | |
| (i) Interest on Term Loan from bank | 197.10 | 241.85 |
| (ii) Interest on Other Bank Loan | 1,635.92 | 1,686.97 |
| (iii) Unwinding of interest on security deposits | 221.75 | 211.26 |
| (iv) Other interest | 0.09 | 5.56 |
| (b) Other Borrowing Cost | | |
| (i) Processing Charges | 107.10 | 66.46 |
| (c) Net Loss on Foreign Currency Transactions Considered as Borrowing Cost | 73.57 | 9.42 |
| Total | 2,235.53 | 2,221.52 |

38. DEPRECIATION AND AMORTISATION EXPENSE

| Particulars | 2017-2018 Amt. in Lacs | 2016-17 Amt. in Lacs |
|--|---------------------------|-------------------------|
| (a) Depreciation on Property, Plant and Equipment (Refer Note No. 3) | 1,017.44 | 1,199.41 |
| (b) Depreciation on Investment Property (Refer Note No. 5) | 145.89 | 189.87 |
| (c) Amortisation on Intangible Assets (Refer Note No. 6) | 12.81 | 20.65 |
| Total | 1,176.14 | 1,409.93 |

39. OTHER EXPENSES

| Particulars | 2017-2018 Amt. in Lacs | 2016-17 Amt. in Lacs |
|------------------------------------|---------------------------|-------------------------|
| Consumption of Stores & Spares | 866.39 | 679.05 |
| Manufacturing & Processing Charges | 527.82 | 78.70 |
| Weaving Charges | 1,787.24 | 846.07 |
| Other Labour Charges | 1,633.02 | 1,756.35 |
| Power and Fuel | 3,585.88 | 3,331.26 |
| Repairs and Maintenance | | |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

| Particulars | 2017-2018 Amt. in Lacs | | 2016-17 Amt. in Lacs | |
|--|---------------------------|------------------|-------------------------|------------------|
| On Building | 74.76 | | 49.25 | |
| On Machinery | 157.26 | | 126.98 | |
| On Others | 286.49 | 518.51 | 308.85 | 485.08 |
| Security Charges | | 28.17 | | 26.68 |
| Brokerage on purchase | | 20.20 | | 18.69 |
| Legal & Professional Expenses | | 178.46 | | 183.05 |
| Travelling & Conveyance | | 529.59 | | 480.96 |
| Net Loss / (Gain) on Foreign Currency Transactions | | 624.68 | | 16.61 |
| Insurance Charges | | 51.47 | | 56.46 |
| Packing Material Consumed | | 1,736.35 | | 1,458.92 |
| Rates & Taxes | | 132.27 | | 104.62 |
| Rent Expense | | 322.67 | | 154.91 |
| Interest Expenses | | 62.74 | | 48.57 |
| Printing & Stationery | | 96.24 | | 84.01 |
| Postage, Telegram & Telephone | | 161.11 | | 181.81 |
| Payment to Statutory Auditor (Refer Note No. 39.1) | | 10.95 | | 11.83 |
| Sundry Balance Write off (Net) | | - | | 35.41 |
| Fixed Assets Written Off | | 3.06 | | 2.31 |
| Allowance for Expected Credit Loss | | 187.15 | | 272.49 |
| Bank Charges | | 73.50 | | 63.35 |
| Transportation Expenses | | 525.79 | | 449.10 |
| Sample Expenses | | 341.44 | | 194.87 |
| Advertisement & Sales Promotion | | 733.57 | | 1,716.55 |
| CSR Expenditure (Refer Note No. 39.2) | | 21.00 | | 14.00 |
| Sales Commision | | 801.46 | | 1,096.94 |
| Miscellaneous Expenses | | 265.91 | | 472.29 |
| | | 15,826.64 | | 14,320.94 |

Note No. 39.1 - Payment to Statutory Auditor:

| Particulars | 2017-2018 Amt. in Lacs | | 2016-17 Amt. in Lacs | |
|---|---------------------------|--------------|-------------------------|--------------|
| <u>Statutory Auditors Remuneration</u> | | | | |
| <u>As an auditor</u> | | | | |
| - Audit Fees (including Limited Review) | 7.00 | | 7.00 | |
| - Tax Audit Fees | 1.30 | | 1.60 | |
| - Towards Service Tax/GST | - | 8.30 | 1.33 | 9.93 |
| <u>Other capacity</u> | | | | |
| - Certification | 0.40 | | 0.35 | |
| - Other Services | 1.00 | | - | |
| - Towards Service Tax/GST | - | 1.40 | 0.06 | 0.41 |
| <u>Cost Auditors Remuneration</u> | | | | |
| - Audit Fees | 1.25 | | 1.25 | |
| - Towards Service Tax /GST | - | 1.25 | 0.24 | 1.49 |
| | | 10.95 | | 11.83 |

Note No. 39.2 - Corporate Social Responsibility expenditure:

| Particulars | 2017-2018 Amt. in Lacs | | 2016-17 Amt. in Lacs | |
|---|---------------------------|--------------|-------------------------|--------------|
| Amount required to be spent as per section 125 of the Act | 16.16 | | 11.39 | |
| Amount spent during the year on : | | | | |
| (i) Construction /acquisition of an assets | | | | |
| (ii) On purpose other than above: | | | | |
| Contribution for promotion of education for children | 21.00 | 21.00 | 14.00 | 14.00 |
| | | 21.00 | | 14.00 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

40. EARNING PER SHARE (EPS)

Earning Per Share (EPS) - the numerators and denominators used to calculate Basic and Diluted earning per share :

| Particulars | 2017-2018 | | 2016-17 | |
|---|-------------|------------|-------------|------------|
| | Description | Value | Description | Value |
| (a) Profit attributable to Equity Shareholders | (In Lacs.) | 1,320.51 | (In Lacs.) | 908.25 |
| (b) Number of Equity Shares outstanding during the year | (In Nos.) | 52,000,000 | (In Nos.) | 52,000,000 |
| (c) Face Value of each Equity Share | (In Rs.) | 2.00 | (In Rs.) | 2.00 |
| (d) Basic / Diluted earning per share (a) / (b) | (In Rs.) | 2.54 | (In Rs.) | 1.75 |

41. SEGMENT REPORTING

| (i) Information About Primary Business Segment | | | | | | | | | |
|--|--|-----------------|---------------|-------------------|-----------------|-----------------|---------------|-------------------|-----------------|
| Sr. No. | Particulars | 2017-2018 | | | Total | 2016-2017 | | | |
| | | Segments | | | | Segments | | | Total |
| | | Textiles | Rentals | Unallocable | | Textiles | Rentals | Unallocable | |
| | | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| (a) | Revenue | | | | | | | | |
| | Segment Revenue | 50,588.96 | 819.12 | - | 51,408.08 | 49,155.84 | 759.45 | - | 49,915.29 |
| | | | | | | | | | |
| (b) | Result | | | | | | | | |
| | Segment Results | 5,920.00 | 650.14 | - | 6,570.14 | 4,061.65 | 564.16 | - | 4,625.81 |
| | Less : Finance Cost | - | - | 2,235.54 | 2,235.54 | - | - | 2,221.52 | 2,221.52 |
| | Less: Unallocated Corporate Expenses Net of Unallocated Corporate Income | - | - | 2,357.91 | 2,357.91 | - | - | 986.00 | 986.00 |
| | Less: Extra Ordinary Items | - | - | - | - | - | - | - | - |
| | Profit Before Tax | 5,920.00 | 650.14 | (4,593.45) | 1,976.69 | 4,061.65 | 564.16 | (3,207.52) | 1,418.29 |
| | Less: Provision For Tax (Net of Deferred Tax) | - | - | 656.18 | 656.18 | - | - | 510.04 | 510.04 |
| | Net Profit After Tax & Before Prior Period Adjustments | 5,920.00 | 650.14 | (5,249.63) | 1,320.51 | 4,061.65 | 564.16 | (3,717.56) | 908.25 |
| | Add : Other Comprehensive Income | - | - | 3.26 | 3.26 | - | - | 6.90 | 6.90 |
| | Net Profit After Prior Period Adjustments | 5,920.00 | 650.14 | (5,246.37) | 1,323.77 | 4,061.65 | 564.16 | (3,710.66) | 915.15 |
| (c) | Other Information | | | | | | | | |
| | Segment Assets | 44,473.79 | 1,234.26 | 2,084.23 | 47,792.28 | 37,206.06 | 1,332.82 | 2,537.08 | 41,075.96 |
| | Segment Liabilities | 7,661.55 | 312.67 | 29,951.56 | 37,925.78 | 5,402.66 | 284.30 | 26,721.11 | 32,408.07 |
| | Capital Expenditure | 544.39 | - | - | 544.39 | 1,055.89 | - | - | 1,055.89 |
| | Depreciation / Amortisation | 1,030.25 | 145.89 | - | 1,176.14 | 1,220.06 | 189.87 | - | 1,409.93 |

Notes :

- The Company is engaged into two main business segments mainly (i) Manufacturing and Dealing in Textiles and (ii) Rental Property which have been identified and reported taking into account the nature of products and services, the differing risks and returns and the organisation structure.
- Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.

(ii) Information About Secondary Geographical Business Segment

(Amount in Lacs)

| Particulars | 2017-2018 | | 2016-2017 | |
|--|--------------|---------------|--------------|---------------|
| | Within India | Outside India | Within India | Outside India |
| Although the sales outside India was less than 10% of the total sales and the segment assets are less than 10% of the total assets in the current financial year and in the immediate preceeding financial year, geographical segment is reported as the secondary segment, as per the discretion of the management. | | | | |
| (a) Segment Revenue | 45,781.76 | 5,907.64 | 45,125.08 | 5,558.15 |
| (b) Segment Assets | 46,601.15 | 1,191.13 | 39,884.84 | 1,191.13 |
| (c) Addition to Fixed Assets | 544.39 | - | 1,055.89 | - |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

42 Related party disclosures as required under Ind AS 24, "Related Party Disclosures", are given below:

Name of the related party and description of relationship.

| Related Parties | Nature of Relationship |
|--|--|
| (a) (i) Shri Vishwanath L. Agarwal | Individual having control / significant influence |
| (b) (i) Shri Rajendra V. Agarwal | Key Management Personnel |
| (ii) Shri Ajay V. Agarwal | Key Management Personnel |
| (c) (i) Mr Sreedhar Hirimbi | Company Secretary |
| (d) (i) Mr Ashok Agarwal | Chief Financial Officer |
| (ii) Mrs. Neena Agarwal (Wife of Shri Ajay V. Agarwal) | Relative of Key Management Personnel |
| (iii) Donear Synthetics Limited | Entities where individual having control / significant influence or key management personnel or their relatives are able to exercise significant influence |
| (iv) Rajendra Synthetics Pvt. Ltd | |
| (v) R. Ajay Kumar Real Estate LLP | |
| (vi) Neptune Fabs | |
| (vii) Venus Textiles | |
| (viii) Lotus Fabrics | |
| (ix) Mercury Industries | |
| (x) GBTL Limited (w.e.f 10.07.2017) | |
| (xi) OCM India Pvt. Ltd. (w.e.f 18.11.2017) | |

Disclosure of related party transaction during the year.

(Amount in Lacs)

| Nature of Transaction & Name of the Related Party | | 2017-2018 | 2016-2017 |
|--|--------|-----------|-----------|
| (a) <u>Purchase of Goods, Fixed Assets & Other Services</u> | | | |
| (i) Neptune Fabs | 55.24 | | 56.66 |
| (ii) Venus Textiles | 106.54 | | 112.90 |
| (iii) Lotus Fabrics | 76.30 | | 75.00 |
| (iv) Mercury Industries | 141.75 | | 92.68 |
| (v) GBTL Limited | 284.46 | | - |
| (vi) OCM Private Limited | 32.21 | 696.50 | - |
| (b) <u>Sale of Goods (Net of Goods Return)</u> | | | |
| (i) Donear Synthetics Ltd | - | | 13.05 |
| (ii) Neena Agarwal | 0.07 | | - |
| (iii) Mercury Industries | 4.76 | | 65.16 |
| (iv) Donear Synthetics Ltd | 2.50 | | - |
| (v) GBTL Limited | 915.62 | | - |
| (vi) OCM Private Limited | 19.66 | 942.61 | - |
| (c) <u>Sales of Service</u> | | | |
| (i) GBTL Limited | | 2.34 | - |
| (d) <u>Sales of Fixed Assets & Stores</u> | | | |
| (i) OCM Private Limited | 25.88 | | - |
| (ii) GBTL Limited | 44.26 | 70.14 | - |
| (e) <u>Sales Promotion Expenses reimbursed</u> | | | |
| (i) Donear Synthetics Ltd | 0.02 | | - |
| (ii) GBTL Limited | 0.07 | 0.09 | - |
| (f) <u>Director's Sitting Fees</u> | | | |
| (i) Shri Vishwanath L. Agarwal | | 0.01 | 0.05 |
| (g) <u>Remuneration Paid</u> | | | |
| (i) Shri Rajendra V. Agarwal | 28.03 | | 28.03 |
| (ii) Shri Ajay V. Agarwal | 10.51 | | 10.51 |
| (iii) Mr Sreedhar Hirimbi | 2.23 | | 2.03 |
| (iv) Mr Ashok Agarwal | 16.45 | 57.22 | 15.39 |
| | | | 55.96 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in Lacs)

| Nature of Transaction & Name of the Related Party | | 2017-2018 | | 2016-2017 | |
|---|-----------------------------------|-----------|-----------------|-----------|-----------------|
| (h) | Rent Received | | | | |
| (i) | Neptune Fabs | 1.00 | | 1.00 | |
| (ii) | Venus Textiles | 1.00 | | 1.00 | |
| (iii) | Lotus Fabrics | 1.00 | | 1.00 | |
| (iv) | Mercury Industries | 1.00 | 4.00 | 1.00 | 4.00 |
| (i) | Other recovery of expenses | | | | |
| (i) | Neptune Fabs | 18.01 | | 18.70 | |
| (ii) | Venus Textiles | 31.67 | | 31.54 | |
| (iii) | Lotus Fabrics | 21.06 | | 21.05 | |
| (iv) | Mercury Industries | 28.30 | 99.04 | 27.19 | 98.48 |
| (j) | Deposits Refunded | | | | |
| (i) | Venus Textiles | - | | 20.00 | |
| (ii) | Mercury Industries | - | - | 20.00 | 40.00 |
| (k) | Loans Received | | | | |
| (i) | Shri Vishwanath L. Agarwal | 1,133.90 | | 476.00 | |
| (ii) | Shri Rajendra Agarwal | 990.00 | | 387.00 | |
| (iii) | Shri Ajay V. Agarwal | 1,171.95 | 3,295.85 | 419.25 | 1,282.25 |
| (l) | Loans Repaid | | | | |
| (i) | Shri Vishwanath L. Agarwal | 654.80 | | 450.75 | |
| (ii) | Shri Rajendra Agarwal | 446.00 | | 544.40 | |
| (iii) | Shri Ajay V. Agarwal | 639.50 | 1,740.30 | 1,097.35 | 2,092.50 |
| | | | 6,908.10 | | 3,988.69 |

Disclosure of related party transaction outstanding at the end of the year.

(Amount in Lacs)

| Name of the Related Party | | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|---------------------------|-------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| (a) | Outstanding Net Receivable | | | | | | |
| (i) | Neena Agarwal | 0.07 | | - | | - | |
| (ii) | Donear Synthetics Ltd. | - | | - | | 0.49 | |
| (iii) | Neptune | 1.13 | | - | | - | |
| (iv) | Venus Textiles | 1.89 | | - | | - | |
| (v) | Lotus Fabrics | 1.19 | | - | | - | |
| (vi) | Mercury Industries | 6.70 | | - | | - | |
| (iii) | OCM Private Limited | 24.61 | | - | | - | |
| (iv) | GBTL Limited | 568.71 | 604.30 | - | - | - | 0.49 |
| (b) | Deposit Paid | | | | | | |
| (i) | R.Ajaykumar Real Estate. LLP | | 4.50 | | 4.50 | | 4.50 |
| (c) | Deposit Taken | | | | | | |
| (i) | Neptune Fabs | 30.00 | | 30.00 | | 30.00 | |
| (ii) | Venus Textiles | 30.00 | | 30.00 | | 50.00 | |
| (iii) | Lotus Fabrics | 30.00 | | 30.00 | | 30.00 | |
| (iv) | Mercury Industries | 30.00 | 120.00 | 30.00 | 120.00 | 50.00 | 160.00 |
| (d) | Loans Outstanding | | | | | | |
| (i) | Shri Vishwanath L. Agarwal | 1,021.10 | | 542.00 | | 516.75 | |
| (ii) | Shri Rajendra Agarwal | 1,327.00 | | 783.00 | | 940.40 | |
| (iii) | Shri Ajay V. Agarwal | 1,704.35 | 4,052.45 | 1,171.90 | 2,496.90 | 1,850.00 | 3,307.15 |
| (e) | Guarantee given by directors | | | | | | |
| (i) | Towards Term Loan | 1,766.81 | | 1,733.73 | | 2,242.02 | - |
| (ii) | Towards Working Capital | 24,580.57 | 26,347.38 | 22,208.79 | 23,942.52 | 21,419.68 | 23,661.70 |
| | | | 31,089.14 | | 26,563.92 | | 27,133.84 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

43. EMPLOYEE BENEFIT

As per IND AS 19 "Employee Benefits", the disclosures of Employee benefits as defined in the said Accounting Standards are given below :

(i) Defined Contribution Plan

Contribution to Defined Contribution Plan includes Provident Fund. The expenses recognised for the year are as under :

| Particulars | 2017-18 | 2016-17 |
|---|---------|---------|
| | Rs. | Rs. |
| Employer's Contribution to Provident Fund | 191.42 | 159.68 |

(ii) Defined Benefit Plan

(a) Gratuity:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 to 25 days/one month salary last drawn for each completed year of service depending on the date of joining. The same is payable on termination of service, retirement or death, whichever is earlier. The benefit vests after 5 years of continuous service.

(b) Major category of plan assets:

The Company has taken plans from Life Insurance Corporation of India

(c) The following tables set out the funded status of the gratuity and leave encashment plans and the amounts recognised in the Company's financial statements as at 31 March 2018 and 31 March 2017.

| | | (Amount in Lacs) | |
|---|------------------|------------------|--|
| Particulars | As at 31.03.2018 | As at 31.03.2017 | |
| (a) Defined Benefit Plan - Gratuity | Funded | Funded | |
| (i) <u>Assumptions</u> | As on | As on | |
| | 31/03/2018 | 31/03/2017 | |
| Discount Rate | 8% | 8% | |
| Salary Escalation | 3% | 3% | |
| (ii) <u>Table showing changes in present value of obligations</u> | As on | As on | |
| | 31/03/2018 | 31/03/2017 | |
| Present value of obligations as at beginning of year | 158.06 | 144.94 | |
| Interest cost | 12.65 | 11.60 | |
| Current Service cost | 26.71 | 27.78 | |
| Benefits paid | (17.36) | (15.71) | |
| Actuarial (gain)/Loss on obligations | (5.10) | (10.54) | |
| Present value of obligations as at end of year | 174.96 | 158.07 | |
| (iii) <u>Table showing changes in the fair value of plan assets</u> | | | |
| Fair value of plan assets at beginning of year | 146.28 | 136.63 | |
| Expected return on plan assets | 10.41 | 10.60 | |
| Contributions | 15.27 | 14.76 | |
| Benefits paid | (17.36) | (15.71) | |
| Actuarial Gain / (Loss) on Plan assets | Nil | Nil | |
| Fair value of plan assets at the end of year | 154.60 | 146.28 | |
| (iv) <u>Table showing fair value of plan assets</u> | | | |
| Fair value of plan assets at beginning of year | 146.28 | 136.63 | |
| Actual return on plan assets | 10.41 | 10.60 | |
| Contributions | 15.27 | 14.76 | |
| Benefits Paid | (17.36) | (15.71) | |
| Fair value of plan assets at the end of year | 154.60 | 146.28 | |
| Funded Status | (20.36) | (11.79) | |
| Excess of Actual over estimated return on plan assets | Nil | Nil | |
| (Actual rate of return=Estimated rate of return as ARD falls on 31st March) | | | |
| (v) <u>Actuarial Gain/Loss recognized</u> | | | |
| Actuarial(gain)/Loss for the year Obligation | 5.10 | 10.54 | |
| Actuarial (gain)/Loss for the year - Plan Assets | Nil | Nil | |
| Total (gain)/Loss for the year | (5.10) | (10.54) | |
| Actuarial (gain)/Loss recognized in the year | (5.10) | (10.54) | |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in Lacs)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|------------------|------------------|
| (vi) The amounts to be recognized in the Balance Sheet and Statements of Profit and Loss | | |
| Present value of obligations as at the end of year | 174.96 | 158.07 |
| Fair value of plan assets as at the end of the year | 154.60 | 146.28 |
| Funded status | (20.36) | (11.79) |
| Net Asset / (Liability) recognized in balance sheet | (20.36) | (11.79) |
| (vii) Expenses Recognised in statement of Profit & Loss | | |
| Current Service cost | 26.71 | 27.78 |
| Interest Cost | 12.65 | 11.60 |
| Expected return on plan assets | (10.41) | (10.60) |
| Net Actuarial (gain)/Loss recognised in the year | (5.10) | (10.54) |
| Expenses recognised in statement of Profit & Loss | 23.85 | 18.24 |

44. LEASE

(Amount in Lacs)

| Particulars | As at 31.03.2018 | As at 31.03.2017 |
|---|------------------|------------------|
| (a) Assets given on Lease The Company's major leasing arrangements are in respect of office premises given on leave and licence basis. These leasing arrangements, which are cancellable, is for the period of 5 years and are usually renewable by mutual consent at mutually agreed terms and conditions. The aggregate rentals collected as Licence Fees and shown under Note No. 31 "Revenue from Operations". | 816.24 | 756.57 |
| (b) Assets taken on Lease The Company's major leasing arrangements are in respect of residential / godowns / office premises (including furniture and fitting therein, wherever applicable) taken on leave and licence basis. These leasing arrangements, which are cancellable, range between 11 months and 5 years generally, or longer, and are usually renewable by mutual consent at mutually agreed terms and conditions. The aggregate lease rentals charged as Rent and shown under Note No. 39 "Other Expenses" | 322.67 | 154.91 |

45. DERIVATIVES

HEDGED :

The Company has entered into forward hedged exchange contracts, being derivative instruments hedge purpose and not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees required or available at the settlement date of Current Borrowings. The following are the outstanding Forward Exchange Contracts entered into by the Company.

| Currency | Buy or Sell | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|----------|-------------|-------------------------|-------------|-------------------------|-------------|-------------------------|-------------|
| | | Foreign Currency Amount | Rs. In Lacs | Foreign Currency Amount | Rs. In Lacs | Foreign Currency Amount | Rs. In Lacs |
| USD | BUY | 2,63,90,942 | 17,167.38 | 2,19,23,592 | 14,224.14 | - | - |

UNHEDGED :

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under :

(a) Amount Receivable in Foreign Currency on account of the following :

| Particulars and Currency | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|--------------------------|-------------------------|-------------|-------------------------|-------------|-------------------------|-------------|
| | Foreign Currency Amount | Rs. In Lacs | Foreign Currency Amount | Rs. In Lacs | Foreign Currency Amount | Rs. In Lacs |
| USD | 21,90,437 | 1,419.91 | 14,44,079 | 934.66 | 13,09,392 | 865.49 |
| Euro | 2,62,075 | 209.31 | 3,02,374 | 209.05 | 1,05,166 | 78.93 |

(b) Amount Payable in Foreign Currency on account of the following :

| Particulars and Currency | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|--------------------------|-------------------------|-------------|-------------------------|-------------|-------------------------|-------------|
| | Foreign Currency Amount | Rs. In Lacs | Foreign Currency Amount | Rs. In Lacs | Foreign Currency Amount | Rs. In Lacs |
| USD | 1,54,930 | 100.82 | 8,01,220 | 519.84 | 16,27,687 | 1,078.44 |
| Euro | 21,293 | 17.08 | 21,073 | 14.61 | 13,683 | 10.30 |
| CHF | 290 | 0.20 | 290 | 0.19 | 290 | 0.20 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

46. Capital Management

i) Risk Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio and is measured by net debt divided by capital employed. The Company's debt is defined as long term and short term borrowings including current maturities of long term borrowings and total equity (as shown in balance sheet) includes issued capital and all other reserves.

ii) Gearing Ratio

The gearing ratio at end of the reporting period was as follows.

| (Rs. In Lacs) | | | |
|---|------------------|------------------|------------------|
| Particulars | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
| Borrowing | 30,399.83 | 26,439.42 | 26,968.86 |
| Less: Cash and Cash equivalents | 214.68 | 190.77 | 212.28 |
| Net Debt | 30,185.15 | 26,248.65 | 26,756.58 |
| Total Equity | 9,866.50 | 8,667.91 | 7,877.93 |
| Total Equity and Net Debt (Capital Employed) | 40,051.65 | 34,916.56 | 34,634.51 |
| Gearing ratio | 75.37% | 75.18% | 77.25% |

47. Financial Risk Management

The Company's activities expose it to credit risk, liquidity risk, market risk, price risk and Interest Rate Risk.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact thereof in the financial statements.

| Sl. No. | Risk | Exposure arising from | Measurement | Management |
|---------|-------------------------------------|---|--|--|
| 1 | Credit Risk | Cash and cash equivalents, trade receivables and financial assets. | Credit ratings, Review of aging analysis, Review of investment on quarterly basis. | Strict credit control and monitoring system, diversification of counterparties, Investment limits, check on counterparties basis credit rating and investment review on quarterly basis. |
| 2 | Liquidity Risk | Trade payables and other financial liabilities. | Maturity analysis, cash flow projections. | Maintaining sufficient cash / cash equivalents and marketable security. |
| 3 | Market Risk – Foreign Currency Risk | Highly probable forecast transactions and financial assets and liabilities not denominated in INR. | Foreign currency exposure review and sensitivity analysis. | Forward foreign currency contract, future and option. |
| 4 | Market Risk - Interest Rate Risk | Fluctuating interest rates on various loans taken from banks and others | Interest Expense review and sensitivity analysis. | Treasure performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio. |
| 5 | Price Risk – Commodity Prices | Basic ingredients of company raw materials are various grade of Yarn and Dyes where prices are volatile | The company sourcing components from vendors directly, hence it does not hedge its exposure to commodity price risk. | The company is able to pass on substantial price hike to the customers. |

The Board provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk, liquidity risk, price risk, investment of surplus liquidity and other business risks effecting business operation. The company's risk management is carried out by the management as per guidelines and policies approved by the Board of Directors.

(A) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses the direct risk of default, risk of deterioration of creditworthiness as well as concentration risks. The Company is exposed to credit risk from its operating activities (primarily trade receivables), deposits with banks and loans given.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

Credit Risk Management

For financial assets the Company has an investment policy which allows the Company to invest only with counterparties having credit rating equal to or above AAA and AA. The Company reviews the creditworthiness of these counterparties on an ongoing basis. Another source of credit risk at the reporting date is from trade receivables as these are typically unsecured. This credit risk has always been managed through credit approvals, establishing credit limits and continuous monitoring the creditworthiness of customers to whom credit is extended in the normal course of business. The Company estimates the expected credit loss based on past data, available information on public domain and experience. Expected credit losses of financial assets receivable are estimated based on historical data of the Company. The company has provisioning policy for expected credit losses. There is no credit risk in bank deposits which are demand deposits. The creditors risk is minimum in case of entity to whom loan has been given.

The maximum exposure to credit risk as at 31.03.2018, 31.03.2017 and 01.04.2016 is the carrying value of such trade receivables as shown in note 13 of the financials.

The Credit Loss allowances are provided in the case of trade receivables as under:

| | |
|---------------------------------|---------------|
| Loss allowance as on 01.04.2016 | 182.17 |
| Change in loss allowance | 272.49 |
| Loss allowance as on 31.03.2017 | 454.66 |
| Change in loss allowance | 159.37 |
| Loss allowance as on 31.03.2018 | 614.03 |

(B) Liquidity Risk

Liquidity risk represents the inability of the Company to meet its financial obligations within stipulated time. To mitigate this risk, the Company maintains sufficient liquidity by way of working capital limits from banks

(C) Market risk

Foreign currency risk

The Company significantly operates in domestic market, hence very insignificant portion of export and import took place during the years. Company is mitigating the currency risk by natural and financial hedging.

Open exposure

The Company's exposure to foreign currency risk which are unhedged at the end of the reporting period is as follows:

| Particulars | CHF | Euro | USD |
|-------------------------------------|------|----------|-----------|
| As at 31.03.2018 | | | |
| Trade receivables- Foreign Currency | - | 2,62,075 | 21,90,437 |
| Trade receivables- INR in Lacs | - | 209.31 | 1,419.91 |
| Trade payables- Foreign Currency | 290 | 21,293 | 1,54,930 |
| Trade payables- INR in Lacs | 0.20 | 17.08 | 100.82 |
| Particulars | | | |
| As at 31.03.2017 | | | |
| Trade receivables- Foreign Currency | - | 3,02,374 | 14,44,079 |
| Trade receivables- INR in Lacs | - | 209.05 | 934.66 |
| Trade payables- Foreign Currency | 290 | 21,073 | 8,01,220 |
| Trade payables- INR in Lacs | 0.19 | 14.61 | 519.84 |
| As at 01.04.2016 | | | |
| Trade receivables- Foreign Currency | - | 1,05,166 | 13,09,392 |
| Trade receivables- INR in Lacs | - | 78.93 | 865.49 |
| Trade payables- Foreign Currency | 290 | 13,683 | 16,27,687 |
| Trade payables- INR in Lacs | 0.20 | 10.30 | 1,078.44 |

Sensitivity Analysis-

The Company is mainly exposed to changes in USD and Euro. The sensitivity analysis demonstrate a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. 5% appreciation/depreciation of USD and Euro with respect to functional currency of the company will have impact of following (decrease)/increase in Profit & vice versa.

| Particulars | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|---------------------------------------|------------------|----------------|------------------|----------------|------------------|-------------|
| Impact on profit or loss for the year | Strengthens | Weakening | Strengthens | Weakening | Strengthens | Weakening |
| CHF Impact | (0.01) | 0.01 | (0.01) | 0.01 | (0.01) | 0.01 |
| Euro Impact | 9.61 | (9.61) | 9.72 | (9.72) | 3.43 | (3.43) |
| USD Impact | 65.95 | (65.95) | 20.74 | (20.74) | (10.65) | 10.65 |
| Total | 75.56 | (75.56) | 30.45 | (30.45) | (7.23) | 7.23 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of the fixed rate and floating rate financial instruments in its total portfolio.

The exposure of company borrowings to interest rate changes at the end of reporting period are as follows:

| Particulars | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|--------------------------|------------------|------------------|------------------|
| Variable rate borrowings | 26,347.38 | 23,942.51 | 23,661.71 |
| Fixed rate borrowings | 4,052.45 | 2,496.91 | 3,307.15 |
| Total borrowings | 30,399.83 | 26,439.42 | 26,968.86 |

Interest Rate Sensitivity Analysis-

Profit/loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

| Particulars | Basis Points | Impact on Profit before Tax | | |
|--------------------------|--------------|-----------------------------|------------------|------------------|
| | | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
| Increase in Basis points | +50 | (131.74) | (119.71) | (118.31) |
| Decrease in Basis points | - 50 | 131.74 | 119.71 | 118.31 |

(D) Price risk

The company is exposed to price risk in basic ingredients of Company's raw material and is procuring finished components and bought out materials from vendors directly. The Company monitors its price risk and factors the price increase in pricing of the products.

48. In the opinion of the Board, the current assets, loans & advances have a value realisation, in the ordinary course of business at least equal to the amount at which they are stated.

49. The balances of Trade Receivables, Trade Payables and Loans and Advances are subject to confirmation and consequential adjustment, if any.

50. Specified bank notes

- (i) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31st March, 2018.
- (ii) Following are the details of holding as well as dealings in Specified Bank Notes for the previous year ended 31st March, 2017.

| | | | |
|---------------------------------------|------|--------|--------|
| Closing Cash in Hand as on 08.11.2016 | 7.11 | 8.82 | 15.92 |
| (+) Permitted receipts | - | 256.70 | 256.70 |
| (-) Permitted Payments | - | 253.90 | 253.90 |
| (-) Amount deposited in Banks | 7.11 | 0.74 | 7.84 |
| Closing Cash in Hand as on 30.12.2016 | - | 10.88 | 10.88 |

51 Fair Value Measurement

The fair value of Financial instrument as of 31.03.2018, 31.03.2017 and 01.04.2016 were as follows-

(Amount in Lakhs)

| Particulars | Fair value as at 31.03.2018 | Fair value as at 31.03.2017 | Fair value as at 01.04.2016 | Fair value hierarchy | Valuation technique(s) and key input(s) | Key Inputs for Level 3 hierarchy | Significant unobservable input for level 3 hierarchy |
|--|-----------------------------|-----------------------------|-----------------------------|----------------------|---|---|--|
| Financial assets | | | | | | | |
| Investment in Equity Instruments through Profit & Loss | 98.40 | 98.40 | 98.40 | Level 3 | Based on industry accepted value. | These are statutory investment required for the operation of the company. | Marketability of such Investments. |

The following table presents the changes in level 3 items for the periods ended 31.03.2018, 31.03.2017:

| Particulars | Unquoted equity shares |
|------------------------------------|------------------------|
| As at 01.04.2016 | 98.40 |
| Loss recognised in profit and loss | - |
| As at 31.03.2017 | 98.40 |
| Loss recognised in profit and loss | - |
| As at 31.03.2018 | 98.40 |

The fair values of current debtors, cash & bank balances, loan to related party, security deposit to government department, current creditors and current borrowings and other financial liability are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

52. FIRST TIME ADOPTION OF IND AS

The Company has adopted Ind AS with effect from 1st April 2017 with comparatives being restated. Accordingly the impact of transition has been provided in the Opening Reserves as at 1st April 2016. The figures for the previous period have been restated, regrouped and reclassified wherever required to comply with the requirement of Ind AS and Schedule III.

Explanation 1 - Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

(I) Ind AS Optional exemptions

Deemed Cost - Property, Plant and Equipment, Capital work-in-progress and Intangible Assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment, Capital work-in-progress and intangible assets at their previous GAAP carrying values.

(II) Ind AS mandatory exemptions

(i) Estimates

An entity's estimates in accordance with Ind AS' at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with the previous GAAP (after adjustments to reflect any difference in accounting policies) unless there is an objective evidence that those estimates were in error.

(ii) Classification and measurement of financial assets (other than equity instruments)

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exists at the date of transition to Ind AS.

(iii) De-recognition of financial assets and financial liabilities

Ind AS 101 requires a first time adopter to apply the de-recognition provisions for Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows first time adopter to apply the derecognition requirements provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past Ind AS 101 retrospectively from the date of entity's choosing, transactions was obtained at the time of initially accounting for the transactions.

Effects of Ind AS adoption on Balance Sheet at 31st March, 2017 and 1st April, 2016:

| Particulars | Note No. | As at 31st March, 2017 (End of last period presented as per IGAAP) | | | As at 1st April, 2016 (Date of Transition) | | |
|---|----------|--|----------------------------------|------------------|--|----------------------------------|------------------|
| | | *As per IGAAP | Adjustments on transition to Ind | AS As per Ind AS | *As per IGAAP | Adjustments on transition to Ind | AS As per Ind AS |
| Non - Current Assets | | | | | | | |
| (a) Property, Plant and Equipment | 1 | 8,933.91 | (1,301.72) | 7,632.19 | 9,278.23 | (1,491.59) | 7,786.64 |
| (b) Capital work - in - progress | | 95.06 | - | 95.06 | 59.72 | - | 59.72 |
| (c) Investment Property | 1 | - | 1,301.72 | 1,301.72 | - | 1,491.59 | 1,491.59 |
| (d) Other Intangible Assets | | 32.55 | - | 32.55 | 47.46 | - | 47.46 |
| (e) Financial assets | | | - | | | - | |
| (i) Non Current Investments | | 98.40 | - | 98.40 | 98.40 | - | 98.40 |
| (ii) Other financial assets | 3 | 268.33 | (11.68) | 256.65 | 175.71 | (8.10) | 167.61 |
| (f) Deferred Tax Assets | 4 & 6 | 984.41 | 307.96 | 1,292.37 | 1,155.27 | 296.18 | 1,451.45 |
| (g) Other tax assets (Net) | 4 | 278.00 | (278.00) | - | 413.03 | (357.54) | 55.49 |
| (h) Other non - current assets | 3 | 153.08 | 8.20 | 161.28 | 95.02 | 5.78 | 100.80 |
| Current Assets | | | - | | | - | |
| (a) Inventories | | 17,097.56 | - | 17,097.56 | 16,576.04 | - | 16,576.04 |
| (b) Financial assets | | | - | | | - | |
| (i) Trade receivables | 5 | 11,472.18 | (454.66) | 11,017.52 | 10,292.93 | (182.17) | 10,110.76 |
| (ii) Cash and cash equivalents | | 190.77 | - | 190.77 | 212.28 | - | 212.28 |
| (iii) Bank balances other than (ii) above | | 271.14 | - | 271.14 | 264.59 | - | 264.59 |
| (iv) Other financial assets | | 344.95 | - | 344.95 | 387.72 | - | 387.72 |
| (c) Other tax assets (Net) | | 55.77 | - | 55.77 | 14.56 | - | 14.56 |
| (d) Other current assets | 3 | 1,225.10 | 2.94 | 1,228.04 | 996.32 | 2.10 | 998.42 |
| Total Assets | | 41,501.21 | (425.24) | 41,075.97 | 40,067.28 | (243.75) | 39,823.53 |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

| Particulars | Note No. | As at 31st March, 2017 (End of last period presented as per IGAAP) | | | As at 1st April, 2016 (Date of Transition) | | |
|-------------------------------------|------------------|--|----------------------------------|------------------|--|----------------------------------|------------------|
| | | *As per IGAAP | Adjustments on transition to Ind | AS As per Ind AS | *As per IGAAP | Adjustments on transition to Ind | AS As per Ind AS |
| Equity | | | | | | | |
| Equity Share Capital | | 1,040.00 | - | 1,040.00 | 1,040.00 | - | 1,040.00 |
| Other equity | Refer Note below | 7,684.51 | (56.60) | 7,627.91 | 6,596.83 | 241.10 | 6,837.93 |
| Liabilities | | | | | | | |
| Non Current Liabilities | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| (i) Non Current Borrowings | | 1,343.00 | - | 1,343.00 | 1,743.00 | - | 1,743.00 |
| (ii) Other financial liabilities | 2 | 1,953.77 | (446.47) | 1,507.30 | 1,905.05 | (476.79) | 1,428.26 |
| (b) Other Non Current Liabilities | 2 | - | 51.54 | 51.54 | - | 88.46 | 88.46 |
| Current Liabilities | | | | | | | |
| (a) Financial Liabilities | | | | | | | |
| (i) Borrowings | | 24,705.69 | - | 24,705.69 | 24,726.84 | - | 24,726.84 |
| (i) Trade payables | | 3,164.16 | - | 3,164.16 | 2,615.06 | - | 2,615.06 |
| (ii) Other financial liabilities | | 504.07 | - | 504.07 | 603.69 | - | 603.69 |
| (b) Other current liabilities | 2 | 885.96 | 26.29 | 912.25 | 497.86 | 28.65 | 526.51 |
| (c) Provisions | 9 | 170.42 | - | 170.42 | 278.48 | (125.17) | 153.31 |
| (d) Current Liabilities (Net) | | 49.63 | - | 49.63 | 60.49 | - | 60.49 |
| Total Equity and Liabilities | | 41,501.21 | (425.24) | 41,075.97 | 40,067.30 | (243.75) | 39,823.55 |

Statement of Reconciliation of Equity (Shareholders' funds) as at 31st March, 2017 and 1st April, 2016:

| Particulars | Note No. | As at 31st March, 2017 | As at 1st April, 2016 |
|---|----------|------------------------|-----------------------|
| Total Equity (Shareholders' Fund) as per IGAAP | | 8,724.51 | 7,636.81 |
| Adjustments on transition to Ind AS: | | | |
| - Recognition of Financial liabilities at amortised cost | 2 | 368.65 | 359.68 |
| - Recognition of Financial assets at amortised cost | 3 | (0.54) | (0.22) |
| - Provision for expected credit losses on trade receivables | 5 | (454.66) | (182.17) |
| - Proposed dividend (Including dividend Distribution Tax) | 9 | - | 125.17 |
| - Taxes on account of above items | 6 & 9.1 | 29.95 | (61.36) |
| Total adjustments | | (56.60) | 241.10 |
| Total Equity (Shareholders' Fund) as per IND AS | | 8,667.91 | 7,877.93 |

Effects of Ind AS adoption on Statement of Profit & Loss for the year ended 31st March, 2017

| Particulars | Note No. | Year ended 31st March, 2017 (End of last period presented as per IGAAP) | | |
|---|----------|---|----------------------------------|------------------|
| | | *As per IGAAP | Adjustments on transition to Ind | AS As per Ind AS |
| Revenue from operations | 2 & 7 | 51,763.59 | (1,848.30) | 49,915.29 |
| Other income | 2 & 3 | 584.54 | 183.40 | 767.94 |
| Total Revenue | | 52,348.13 | (1,664.90) | 50,683.23 |
| Cost of Materials Consumed | | 19,441.99 | - | 19,441.99 |
| Purchases of Stock-in-Trade | | 5,987.41 | - | 5,987.41 |
| Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | | 320.08 | - | 320.08 |
| Employee benefit expenses | 8 | 5,552.52 | 10.54 | 5,563.06 |
| Finance Costs | 2 | 2,010.26 | 211.26 | 2,221.52 |
| Depreciation & amortization expenses | | 1,409.93 | - | 1,409.93 |
| Other Expenses | 3,5 & 7 | 15,933.26 | (1,612.32) | 14,320.94 |
| Total Expenses | | 50,655.47 | (1,390.52) | 49,264.95 |
| Profit before exceptional items & tax | | 1,692.66 | (274.38) | 1,418.28 |
| Exceptional Items | | - | - | - |

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

| Particulars | Note No. | Year ended 31st March, 2017 (End of last period presented as per IGAAP) | | |
|-----------------------------------|----------|---|----------------------------------|------------------|
| | | *As per IGAAP | Adjustments on transition to Ind | AS As per Ind AS |
| Profit before tax | | 1,692.66 | (274.38) | 1,418.28 |
| Less: Income Tax expenses | | | | |
| -Current Tax | | 434.13 | (3.65) | 430.48 |
| -Deferred Tax | 6 & 9.1 | 170.86 | (91.31) | 79.55 |
| Profit for the period | | 1,087.67 | (179.42) | 908.25 |
| Other comprehensive income | | - | 6.90 | 6.90 |
| Total comprehensive income | | 1,087.67 | (172.52) | 915.15 |

* Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Statement of Reconciliation of total comprehensive income for the year ended 31st March, 2017

| Particulars | Note No. | As at 31st March, 2017 |
|--|----------|------------------------|
| Net Profit after Tax previously presented under IGAAP | | 1,087.67 |
| Add/Less: Increase/(Decrease) in Net Profit as reported under Indian GAAP | | |
| - Recognition of Financial assets at amortised cost | 3 | (0.32) |
| - Recognition of Financial liabilities at amortised cost | 2 | 8.97 |
| - Reclassification of remeasurement of employee benefits | 8 | (10.54) |
| - Impact of Expected Credit Loss | 5 | (272.51) |
| - Taxes on account of above items | 6 & 9.1 | 94.96 |
| Net Profit as per IND AS | | 908.25 |
| - Other Comprehensive Income, net of income tax | 8 | 6.90 |
| Total Comprehensive Income for the period | | 915.15 |

Effects of Ind AS adoption on Cash Flow statement for the year ended 31st March, 2017

| Particulars | Note No. | Year ended 31st March, 2017 (End of last period presented as per IGAAP) | | |
|---|----------|---|------------------------------------|------------------|
| | | As per IGAAP | Adjustments on transition to IndAS | AS As per Ind AS |
| Cash flow from operations | | 3,432.17 | - | 3,432.17 |
| Cash flow from Investing Activities | | (976.91) | - | (976.91) |
| Cash flow from Financing Activities | | (2,476.78) | - | (2,476.78) |
| Net Increase/(decrease) in cash and cash equivalents | | (21.51) | - | (21.51) |
| Cash and cash equivalents at the beginning of the year | | 212.28 | - | 212.28 |
| Cash and cash equivalents at the end of the year | | 190.77 | - | 190.77 |

Note No.:

1 Property, Plant and Equipment and Investment Property

Under the previous GAAP, Investment Property, Land & Bulding amounting to Rs. 1301.72 lakhs as on March 17 (1st April 2016 - Rs. 1491.59 lakhs) was grouped under Property Plant and Equipment. Under Ind AS, the same is treated as Investment property under Ind AS 41 at carrying cost under previous GAAP. There is no impact on the total equity and profit.

2 Security Deposits (Received)

Under the previous GAAP, interest free lease & delearship security deposits (that are refundable in cash on completion of the respective term) are recorded at their transaction value. Under Ind AS, all financial liability are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposits (taken) have been recognised as unearned income. Consequent to this change, the amount of security deposits decreased by Rs. 446.47 lakhs as at 31 March 2017 (1 April 2016 - Rs. 476.79 lakhs). The unearned income increased by Rs. 77.83 lakhs as at 31 March 2017 (1 April 2016 - Rs. 117.11 lakhs) Total equity increased by Rs. 368.65 lakhs as on 31 March 2017 (after set-off notional interest expenses of Rs. 211.26 lakhs and includes fair valuation impact of deposit amounting to Rs. 180.94 lakhs and related rent income of Rs. 39.29 lakhs) {1 April 2016 increased by Rs. 359.68 lakhs (After set-off notional interest expense of Rs. 259.20 lakhs and includes fair valuation impact of deposit amounting to Rs. 529.34 lakhs and related rent income of Rs. 89.54 lakhs)}.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2018

3 Security Deposits (Paid)

Under the previous GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposits have been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by Rs. 11.68 lakhs as at 31 March 2017 (1 April 2016 Rs. 8.10 lakhs). The prepaid rent increased by Rs. 11.14 lakhs as at 31 March 2017 (1 April 2016 - Rs. 7.88 lakhs). Total equity decreased by Rs. 0.32 lakhs as on 31 March 2017 (After set-off notional interest income of Rs. 2.46 lakhs) { 1 April 2016 - Rs. 0.22 lakhs as on (After set-off notional interest income of Rs. 1.34 lakhs)}.

4 Mat Credit Entitlement

Under the previous GAAP, Mat Credit Entitlement was the grouped as Long term loans & advances. Under Ind AS, Mat Credit is an element of deferred tax being a tax credit under IND AS 12 (Income Tax). Hence the amount of Mat Credit regrouped with deferred tax liabilities (net) of Rs. 278.00 lakhs as at 31 March 2017 (1 April 2016 - Rs. 357.54 lakhs). There is no impact on the total equity and profit.

5 Trade Receivable

As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by Rs. 454.66 lakhs as at 31 March 2017 (1 April 2016 - Rs. 182.17 lakhs). Consequently, the total equity as at 31 March 2017 decreased by Rs. 454.66 lakhs (1 April 2016 - Rs. 182.17 lakhs) and profit as at 31.03.2017 decreased by Rs. 272.49 lakhs (1 April 2016 - Rs. 182.17 lakhs)

6 Deferred Tax

Under previous GAAP, deferred taxes were recognised based on Profit & loss approach i.e. tax impact on difference between the accounting income and taxable income. under Ind AS, deferred tax is recognised by following balance sheet approach i.e. tax impact on temporary difference between the carrying value of assets and liabilities in the books and their respective tax base.

7 Revenue from operations

Under the previous GAAP, revenue from sale of products was presented exclusive of various type of discounts. Under Ind AS, revenue from sale of goods is presented net of expenses for scheme and discount. This change has resulted in an decrease in total revenue and total expenses for the year ended 31 March 2017 by Rs. 1887.59 lakhs. There is no impact on the total equity and profit.

8 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31 March 2017 decrease by Rs. 10.54 lakhs (1 April 2016 Rs. 7.32 lakhs). There is no impact on the total equity.

9 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend (including dividend distribution tax Rs. 21.17 lakhs) of Rs. 125.17 lakhs as at 31 March 2016 included under provisions has been reversed with corresponding adjustment to retained earnings and same is adjusted in retain earning of next year of corresponding year

53. The previous year figures have been regrouped/reclassified, wherever necessary to conform to the current presentation as per the schedule III of Companies Act, 2013.

As per our report of attached even date

**FOR KANU DOSHI ASSOCIATES LLP
CHARTERED ACCOUNTANTS**

Firm's Registration Number: 104746W/W100096

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Arati Parmar
Partner
Membership No.102888

Vishwanath L. Agarwal
Chairman
DIN No. 00223140

Rajendra V. Agarwal
Managing Director
DIN No. 00227233

Place : Mumbai
Date : 30th May, 2018

Ashok B. Agarwal
Chief Financial Officer

Sreedhar H.
Company secretary

Ajay V. Agarwal
Whole time Director
DIN No. 00227279

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DONEAR INDUSTRIES LIMITED

CIN: L99999MH1987PLC042076

Registered Off. Add: Donear House, 8th Floor, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093
E –mail id: info@donear.com Website :www.donear.com

BALLOT FORM

(In lieu of E-voting)

Sr. No.

Registered Folio No. / DPID No. / Client ID No. :

Name & Address :

Name(s) of the Joint Member(s), if any :

No. of Shares held :

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the Notice of 32nd Annual General Meeting of the Company dated 29th September 2018, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick (✓) mark at the appropriate box below:

| Item No. | Description | No. of Shares | I/We assent to the Resolution (For) | I/We dissent to the Resolution (Against) |
|----------|---|---------------|-------------------------------------|--|
| 1. | Adoption, of Financial statements for the year ended 31 March 2018 and the Directors' and Auditors' Report thereon | | | |
| 2. | To declare dividend | | | |
| 3. | Re-appointment of Mr. Ajay Agarwal as Director, who retires by rotation | | | |
| 4. | Re-appointment of Mr. Rajendra Agarwal as Managing Director of the Company | | | |
| 5. | Re-appointment of Mr. Ajay Agarwal as Whole Time Director of the Company | | | |
| 6. | Approval of Cost Auditors Remuneration | | | |
| 7. | Appointment of Mr. Santanu Mukherjee as Director of the Company. | | | |
| 8. | Approval of Material Related Party Transactions | | | |
| 9. | Approval of Continuation of Directorship of Mr. Santkumar Agarwal who was reappointed as Independent Director for a period of 5 years from 28 th Annual General Meeting of the Company till conclusion of 33 rd Annual General Meeting and who has attained the age of 75 years, for the remaining period of their existing term of directorship as Independent Director of the Company | | | |
| 10. | Approval of Continuation of Directorship of Mr. Vishwanath Agarwal, Chairman and Non-executive Director of the Company who has attained the age of 75 years | | | |

Place :

Date :

Signature of Shareholder

NOTE: Kindly read the instructions printed overleaf before filling the form. Valid Ballot Forms received by the Scrutinizer by 5.00 p.m. on 28th September 2018 shall only be considered.

E-VOTING

Users who wish to opt for e-voting may use the following login credentials.

| EVEN (E-Voting Event No.) | User ID | PASSWORD |
|---------------------------|---------|----------|
| | | |

Please follow steps for e-voting procedure as given in the Notice of AGM by logging on to – www.evotingindia.com

INSTRUCTIONS

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to the Scrutinizer, **Mr. Yogesh Sharma, Practicing Company Secretary at B/1, Neha Apartment, Opp. Badwaik Hospital, L.B.S. Marg, Bhandup (West), Mumbai – 400 078** to his email id **csymsharma@gmail.com**, so as to reach by **5.00 p.m. of 28th September, 2018**. Ballot Form received thereafter will strictly be treated as if not received.
2. The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event member casts his votes through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic /demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per records of the share transfer agent of the Company (i.e. Link Intime India Private Limited). Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/DP ID Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the ballot Form has been signed by an authorized representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorization/ Board resolution to vote should accompany the Ballot Form.
10. Instructions for e-voting procedure are available in the Notice of Annual General Meeting and are also placed on the website of the Company.



DONEAR INDUSTRIES LIMITED

CIN: L99999MH1987PLC042076

Registered Off. Add: Doner House, 8th Floor, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093

Email id: info@donear.com Website :www.donear.com

ATTENDANCE SLIP

I / We hereby record my / our presence at the 32nd Annual General Meeting of the Company on Saturday, 29th September, 2018 at 11.30 a.m. at Donear House, 9th Floor, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093

Folio No./ DP ID and Client ID No. _____

Name/s : _____

1st Name : _____

Joint Holder : _____

Joint Holder : _____

Full name of the *Shareholder/ Proxy
(in block letters)

Signature of *Shareholder/Proxy

*Strike out whichever is not applicable

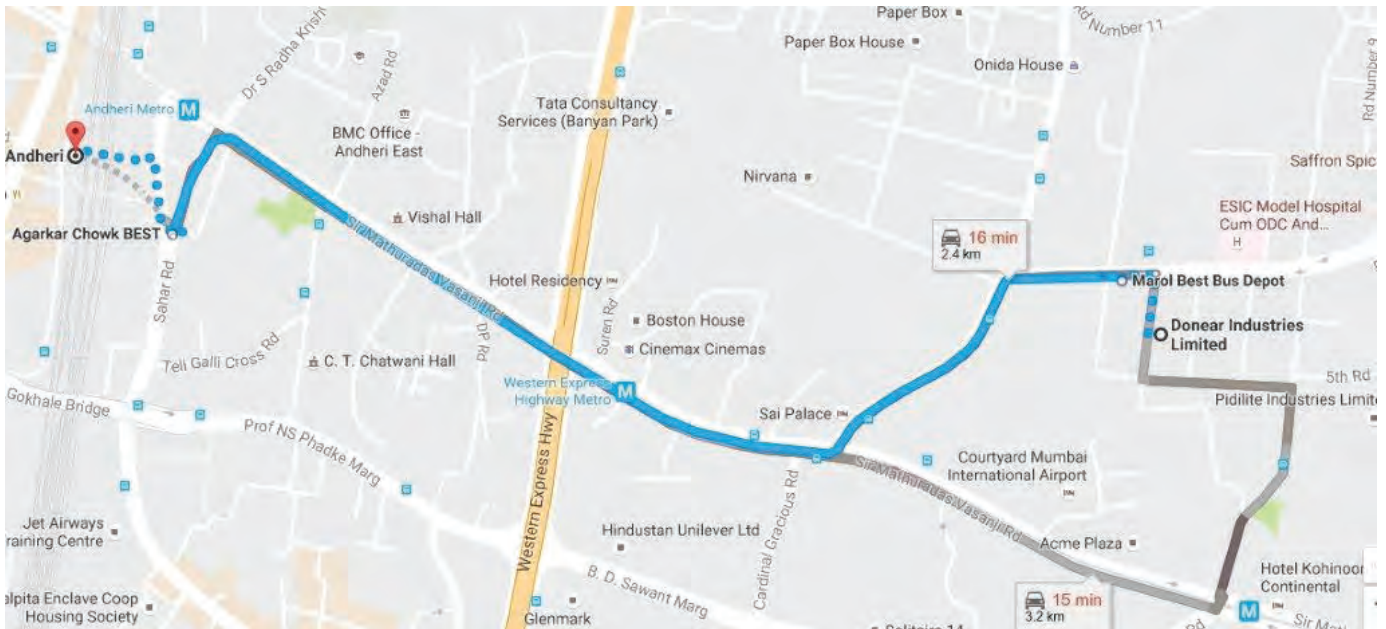
E-mail ID _____

NOTE : Members who have multiple folios/demat accounts with different joint-holders may use copies of this attendance slip.



ROUTE MAP FROM ANDHERI RAILWAY STATION TO DONEAR IND. LTD.

Donear House, 9th floor, Plot No. A/50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093.





DONEAR INDUSTRIES LTD.

DONEAR INDUSTRIES LIMITED

CIN: L99999MH1987PLC042076

Registered Off. Add: Doner House, 8th Floor, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093

Email id: info@donear.com Website :www.donear.com

PROXY FORM

Form No. MGT-11

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

| | |
|-----------------------|--|
| CIN | L99999MH1987PLC042076 |
| Name of the Company | DONEAR INDUSTRIES LIMITED |
| Registered Office | Donear House, 8 th Floor, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai – 400 093 |
| Name of the member(s) | _____ |
| Registered Address | _____ |
| E-mail ID | _____ |
| Folio No. or DP ID | _____ |

I/We, being the member(s) of the above named company and holding _____ no. of shares hereby appoint

| (1) | Name | | Or failing him / her | (2) | Name | | Or failing him / her | (3) | Name | |
|-----|-----------|--|----------------------|-----|-----------|--|----------------------|-----|-----------|--|
| | Address | | | | Address | | | | Address | |
| | Email ID | | | | Email ID | | | | Email ID | |
| | Signature | | | | Signature | | | | Signature | |

As my/our proxy to attend and vote (on a poll) for me /us and on my / our behalf at the 32nd Annual General Meeting of the Company, to be held on Saturday, 29th September, 2018 at 11.30 a.m. at Donear House, 9th Floor, Plot No. A-50, Road No. 1, MIDC, Andheri (East), Mumbai No. 400 093, and at any adjournment thereof in respect of such resolutions as are indicated below:

| | |
|--|---|
| ● Adoption of Financial statements for the year ended 31 March 2018 and the Directors and Auditors Reports thereon | ● Approval of Cost Auditors Remuneration |
| ● To declare dividend | ● Appointment of Mr. Santanu Mukherjee as Director of the Company |
| ● Re-appointment of Mr. Ajay Agarwal who retires by rotation | ● Approval of Material Related Party Transactions |
| ● Re-appointment of Mr. Rajendra Agarwal as Managing Director of the Company. | ● Approval of Continuation of Directorship of Mr. Santkumar Agarwal who was reappointed as Independent Director for a period of 5 years from 28 th Annual General Meeting of the Company till conclusion of 33 rd Annual General Meeting and who has attained the age of 75 years, for the remaining period of their existing term of directorship as Independent Director of the Company |
| ● Re-appointment of Mr. Ajay Agarwal as Whole Time Director of the Company. | ● Approval of Continuation of Directorship of Mr. Vishwanath Agarwal, Chairman and Non-executive Director of the Company who has attained the age of 75 years |

Signed this _____ day _____ 2018

Signature of shareholder

Signature of the proxy holder(s)

Notes:

1. This form of proxy in order to be effective, should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting.
2. Notwithstanding the above the Proxies can vote on such other items which may be tabled at the meeting by the shareholders present.

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NOTES

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NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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BRAND**
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A stylized, handwritten signature of Hrithik Roshan in white ink, positioned above his name.

Hrithik Roshan



Donear Industries Ltd.

Donear House, Plot No. A-50, Road No.1, MIDC, Andheri (E), Mumbai - 400093 (INDIA)

Customer Care: +91 99 3013 3851, E-mail: customercare@donear.com