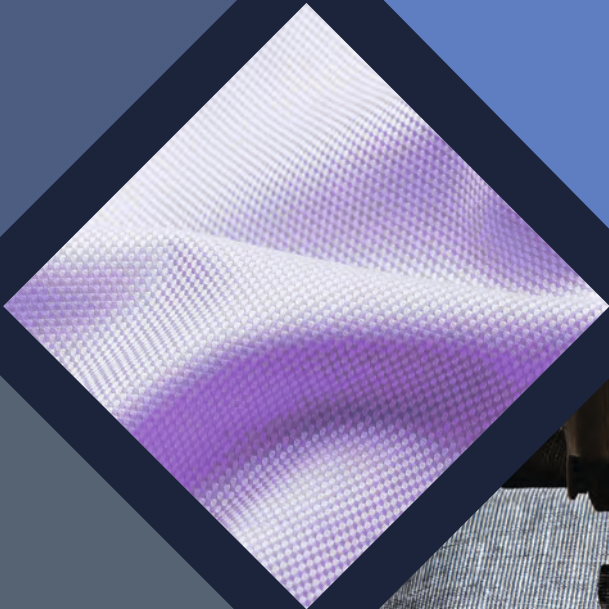




DONEAR INDUSTRIES LTD.

31st Annual Report **2016-17**





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



॥ वक्तुंड 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

M. L. Bhuwania and Co. LLP
Chartered Accountants
F-11, 3rd floor, Manek Mahal,
90, Veer Nariman Road,
Churchgate, Mumbai – 400 020

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

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 First Annual General Meeting of the members of DONEAR INDUSTRIES LIMITED will be held on 23rd September, 2017 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, 2017 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. Vishwanath L. Agarwal (DIN: 00223140) who retires by rotation and being eligible offers himself for reappointment.
4. To consider the appointment of Statutory Auditors of the Company and fix their remuneration and in this regard, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions if any, of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. Kanu Doshi Associates LLP, Chartered Accountants, Mumbai (Firm Registration No.104746W/W100096), be and are hereby appointed as statutory auditors of the company in place of the retiring auditors M/s. M.L .Bhuwania and Co. LLP Chartered Accountants, Mumbai (Firm Registration No.101484W/W100197) to hold the office from the conclusion of this meeting till the conclusion of 34th Annual General meeting) subject to ratification of their appointment at every Annual General meeting, if so required under the Act) at such remuneration including applicable taxes and out of pocket expenses, as may be mutually agreed between the board of directors of the company and the Statutory Auditors.

Special Business:

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
“RESOLVED THAT 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, 2018 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”
6. To consider and if thought fit, to pass with or without modification(s) if any, the following as a Special Resolution:
“RESOLVED THAT pursuant to provisions of Section 94(1) and other applicable provisions of the Companies Act, 2013, the Companies (Management and Administration) Rules, 2014 and any other applicable Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the members be and is hereby accorded to the Board of Directors of the Company for keeping the Register of Members of the Company, maintained under Section 88 of the Companies Act, 2013 together with the Index of Members of the Company filed under Section 92 of the Companies Act, 2013, at the office of the Registrar and Share Transfer Agents of the Company, viz., Link Intime India Private Limited having its registered office located at C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083, instead of keeping such Register of Members and copies of Annual Returns at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary or expedient to give effect to this resolution.”

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

Item No. 5:

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, 2017 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 2018.

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. 5 of the Notice.

Item No. 6:

The Register/Index of Members were maintained at the office of the Company's Registrar & Share Transfer Agents (RTA), Link Intime India Private Limited at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078.

Due to the change in the Registered Office of Link Intime India Private Limited w.e.f. February 27, 2017, the Company's Register of Members and its accompanying documents are shifted to their registered office located at C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083.

The Board recommends the Resolution at Item No. 6 of the Notice for approval by the Members.

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 APROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBEROF 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 with 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,
VIKHHOLI(WEST), MUMBAI – 400083
4. The Register of members and share Transfer Register will remain closed from **14.09.2017 to 22.09.2017** (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 13thSeptember, 2017 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 Mob. No. +91 9769808373 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/un encashed 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
25-09-2010	2009-2010	25 th October, 2017
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

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 2008-2009 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 2009-10 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.

11. Re-appointment of Director:

Mr. Vishwanath 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 23rd September, 2017 (interms of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

(i) Name of the Directors.	Mr. Vishwanath L. Agarwal
(ii) Date of Birth.	10-07-1938
(iii) Date of appointment	01-01-1990
(iv) Experience in Specific Area	Promoter/Director. He has more than 45 years of experience in textile Industry.
(v) List of other companies in which directorships held	Donear Synthetics Limited

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) – "170821059" 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.
- 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 20th September, 2017 at 9.00 a.m. and ends on 22nd September, 2017 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 16th September, 2017, 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 cut off date of 16th September 2017.
- 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 22nd September, 2017 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 alongwith 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 31st Annual Report and the Audited Accounts for the Financial Year ended 31st March, 2017.

Financial Highlights

The table given below gives the financial highlights of the Company on standalone basis for the year ended 31st March, 2017 as compared to the previous financial year.

Financial Results	2016-17 (Rupees)	2015-16 (Rupees)
Gross Revenue	5,22,43,66,643	5,21,11,34,761
Net Profit for the Year	10,87,67,034	5,62,99,836
Add: Balance Brought Forward	30,97,41,836	26,59,59,190
Less: Proposed Final Dividend	1,04,00,000	1,04,00,000
Less: Dividend Distribution Tax	21,17,191	21,17,191
Amount Transferred to General Reserve	Nil	Nil
Balance Carried forward	40,59,91,679	30,97,41,836

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) Industrial Structure and developments :

The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries. The Indian textile industry has the capacity to produce a wide variety of products suitable to different market segments, both within India and across the world.

The Indian textiles industry, currently estimated at around US\$ 120 billion, is expected to reach US\$ 230 billion by 2020. The Indian Textile Industry contributes approximately 4 per cent to India's Gross Domestic Product (GDP), and 14 per cent to overall Index of Industrial Production (IIP).

The total area under cultivation of cotton in India is expected to increase by 7 per cent to 11.3 million hectares in 2017-18, on account of expectations of better returns from rising prices and improved crop yields during the year 2016-17.

Indian exports of locally made retail and lifestyle products grew at a compound annual growth rate (CAGR) of 10 per cent from 2013 to 2016, mainly led by bedding bath and home decor products and textiles. The Government of India targets textile and garment sector exports at US\$ 45 billion for 2017-18.

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.

The key initiatives announced in the Union Budget 2017-18 to boost the textiles sector are listed below:

- Encourage new entrepreneurs to invest in sectors such as knitwear by increasing allocation of funds to Mudra Bank from Rs 1,36,000 crore to Rs 2,44,000 crore
- Upgrade labour skills by allocating Rs 2,200 crore

(b) Opportunities and Threats

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The apparel market in India is estimated to grow at a Compound Annual Growth Rate (CAGR) of 11.8 per cent to reach US\$ 180 billion by 2025.

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.

(c) Segment wise or Product wise performance

The Company has two reportable primary business segment viz., Manufacturing and Dealing in Textiles and Rental Property. The same has been reported in the notes to the accounts.

(d) **Discussion on Financial performance with respect to operational performance.**

The company reported a turnover of Rs.51,773.12 Lacs during the year 2016-17 against a turnover of Rs. 51,728.75 Lacs in the previous year. There was a growth of 1% in the total revenues of the Company as compared to previous year. The Company clocked in a PBT of Rs. 1692.66 Lacs during the year 2016-17 resulting in a growth of 181.01% as compared to previous year.

(e) **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:

The Company is committed to good corporate governance in line with the Listing Regulations. The Company is in compliance with the provisions on corporate governance specified in the Listing Regulations.

A certificate of compliance from Mr. Yogesh Sharma, a practicing Company Secretary and the report on Corporate Governance form part of this Directors' 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, 2017, 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, 2017 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. Vishawanath L. Agarwal retires by rotation at the ensuing Annual General Meeting in terms of Section 152 of the Companies Act, 2013. The Act provided that Independent Directors are not subject to retirement by rotation.

Familiarization Programme for Directors:

At the time of appointment a Director, a formal letter of appointment is given to him/her. The Director is also explained in detail the role, function, duties and responsibilities expected from him/her and also compliance required from him/her under the Companies Act, 2013, Listing Agreement with stock exchanges. Further the Chairman and Managing Director also will have one to one discussion with the newly appointed Director to familiarize with the Company's operation.

During the year 2016-17, no new Independent Director was appointed on the Board of the Company. However, on an on-going basis as a part of Agenda of Board/Committee Meetings Presentations are regularly made to the Independent Directors on various matters inter-alia covering the Company's and its businesses & operations, Industry and regulatory updates, strategy, finance, risk management framework, role, rights, responsibilities of the Independent Directors under various statutes and other relevant matters (familiarization programs). Four such familiarization programs were conducted during the year and the cumulative time spent on the familiarization program is approximately four hours.

Performance of Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board has carried out annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its committees. A structured questionnaire is prepared after taking into consideration inputs received from the directors covering various aspects of the Board's functioning.

The evaluation was done on various parameters like vision and strategy, Board participation disclosure of interest, review of risk management policies, leadership skills, good governance, marketing and corporate communications etc.

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, 2017.

Related Party Transactions:

All related party transactions that were entered into during the year under review were on arm's length basis and in the ordinary course business and that the provisions of section 188 of the Companies Act 2013 and rules made thereunder are not attracted. Therefore the disclosures of form AOC -2 pursuant to section 134 of the Companies Act 2013 is not required. Further there are no material significant related party transactions made by the company with Promoters, Directors, Key Managerial persons or other related parties which may have potential conflict with the interest of the company at large.

All the Related party transactions for the year are placed before the audit committee as well as before the board and were of the repetitive nature. The transactions entered into related parties are reviewed on the quarterly basis. Omnibus approval was also obtained for transactions on yearly basis which are of repetitive nature.

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 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 B**—forming part of this report.

Cost Auditors:

The Board of Directors at its meeting held on 30th May, 2017, based on the recommendation of the Audit Committee, 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 2017-2018 at a remuneration of Rs. 1.25 lacs (Rupees One Lacs Only) plus service tax as may be applicable and out of pocket expenses at actual. The said Auditors have given their eligibility certificate for appointment as Cost Auditors. The remuneration payable to the said Cost Auditors needs to be ratified by the Shareholders at the ensuing Annual General Meeting.

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 - C** 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 and Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The details are annexed herewith as **Annexure D**

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 E**

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, 2017

Mr. Vishwanath L. Agarwal
Chairman

**Annexure A
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2017

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:

1.	CIN	L99999MH1987PLC042076
2.	Registration Date	1 st January, 1987
3.	Name of the Company	Donear Industries Limited
4.	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non-Government Company
5.	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
6.	Whether listed company	Yes
7.	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)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Cotton Fabrics	5209	30.47%
2	Polyester Viscose Fabrics	5515	46.42%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

Sl. 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

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

Category wise Shareholding

Category of Shareholders		No. of Shares held at the beginning of the year (As on 31st March, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
1	Indian									
a)	Individual / HUF	30704198	40000	30744198	59.12	29954198	40000	29994198	57.68	-1.44
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)		38958198	40000	38998198	75.00	38208198	40000	38248198	73.55	-1.44
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)	FIs	7268664	0	7268664	13.98	0	0	0	0.00	-13.98

Category of Shareholders		No. of Shares held at the beginning of the year (As on 31st March, 2016)				No. of Shares held at the end of the year (As on 31st March, 2017)				% 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)		7415182	0	7415182	14.26	146518	0	146518	0.28	-13.98
2	Non - Institutions									
a)	Bodies Corporate	478855	0	478855	0.92	4283528	0	4283528	8.24	7.32
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	3398873	26081	3424954	6.59	4638346	26081	4664427	8.97	2.38
ii)	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	1563970	0	1563970	3.00	3385949	0	3385949	6.51	3.50
c	Others (Specify)									
	Non Resident Indian (Non Repat)	2470	0	2470	0.00	14191	0	14191	0.03	0.02
	Non Resident Indian (Repat)	18317	0	18317	0.04	108300	0	108300	0.21	0.17
	Clearing Member	98054	0	98054	0.19	663483	0	663483	1.28	1.09
	Hindu Undivided Family	0	0	0	0.00	485406	0	485406	0.93	0.93
Sub Total (B)(2)		5560539	26081	5586620	10.74	13579203	26081	13605284	26.16	15.42
Total Public Shareholding B = (B)(1)+(B)(2)		12975721	26081	13001802	25.00	13725721	26081	13751802	26.45	1.44
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	51933919	66081	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, 2016)			No. of Shares held at the end of the year (As on 31st March, 2017)			% 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	2274000	4.37	0.00	0.00
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	3846000	7.40	0.00	0.00
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
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	2434198	4.68	0.00	1934198	3.72	0.00	0.96
17	Vishwanath Agarwal HUF	1400000	2.69	0.00	1150000	2.21	0.00	0.48

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	2434198	4.68				2434198	4.68
				23/08/2016	(250000)	Sale	2184198	4.20
				25/08/2016	(250000)	Sale	1934198	3.72
	At the end of the year						1934198	3.72
2	Vishwanath Agarwal HUF	1400000	2.69				1400000	2.69
				24/08/2016	(250000)	Sale	1150000	2.21
	At the end of the year						1150000	2.21
3	Ajay Agarwal	3729500	7.17		No Change		3729500	7.17
4	Ajay Agarwal HUF	2274000	4.37		No Change		2274000	4.37
5	Bhavar Devi Agarwal	2768000	5.32		No Change		2768000	5.32
6	Donear Retail Pvt. Ltd.	1840000	3.54		No Change		1840000	3.54
7	Donear Synthetics Limited	2600000	5.00		No Change		2600000	5.00
8	Lav Kush Traders Pvt. Ltd.	14000	0.03		No Change		14000	0.03
9	Master Surya A. Agarwal	3640750	7.00		No Change		3640750	7.00
10	Neena Agarwal	2917750	5.61		No Change		2917750	5.61
11	R Ajaykumar Real Estate LLP	2400000	4.62		No Change		2400000	4.62
12	Rahul Rajendra Agarwal	4596000	8.84		No Change		4596000	8.84
13	Rajendra Agarwal	3846000	7.40		No Change		3846000	7.40
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	Choice International Limited	0	0.00	1277625	2.46
2	Karvy Stock Broking Ltd.(BSE)	44222	0.09	703287	1.35
3	Sahi Trading Private Limited	0	0.00	700539	1.35
4	Manju Devi Agarwal	754239	1.45	635800	1.22
5	Renu Agarwal	0	0.00	565216	1.09
6	Rajesh Suresh Agarwal	560360	1.08	560360	1.08
7	Subhash Rathod	0	0.00	410934	0.79
8	Futurage Corporate Care Private Limited	0	0.00	394182	0.76
9	Santosh Sitaram Goenka	108869	0.21	289989	0.56
10	Vishanji Shamji Dedhia	580000	1.12	200000	0.38

E) Shareholding of Directors and Key Managerial Personnel:

(Rs. in Lacs)

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	2434198	4.68				2434198	4.68
				23/08/2016	(250000)	Sale	2184198	4.20
				25/08/2016	(250000)	Sale	1934198	3.72
	At the end of the year						1934198	3.72
2	Mr. Rajendra Agarwal							
	At the beginning of the year	3846000	7.40					
	At the end of the year						3846000	7.40
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

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	23661.70	3307.15	1908.58	28877.43
ii)	Interest due but not paid	0	0	0	0
iii)	Interest accrued but not due	0	0	0	0
Total (i+ii+iii)		23661.70	3307.15	1908.58	28877.43
Change in Indebtness during the financial year					
*	Addition	280.82	0	48.36	329.18
*	Reduction	0	(810.55)	0	(810.55)
Net Change		280.82	(810.55)	48.36	(481.37)
Indebtness at the end of the financial year					
i)	Principal Amount	23942.52	2496.60	1956.94	28396.06
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)		23942.52	2496.6	1956.94	28396.06

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	24.00	9.00	9.56	42.56
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)		24.00	9.00	9.56	42.56

B. Remuneration to other directors

(Rs. in Lacs)

Sr. No.	Particulars	Name of Directors				Amount
		Mr. Durgaprasad Agarwal	Mr. Santkumar Agarwal	Mr. Rajagopal Sivaraj	Mrs. Medha Pattanayak	
1	Independent Directors					
	Fee for attending board committee meetings	0.09	0.09	0.04	0.05	0.27
	Commission	0	0	0	0	0.00
	Others please specify	0	0	0	0	0.00
	Total (1)	0.09	0.09	0.04	0.05	0.27
2	Other Non-executive Directors	Mr. Vishwanath Agarwal				
	Fee for attending board committee meetings	0.05	0.00	0.00	0.00	0.05
	Commission	0	0.00	0.00	0.00	0.00
	Others please specify	0	0.00	0.00	0.00	0.00
	Total (2)	0.05	0.00	0.00	0.00	0.05
Total (B) = (1+2)		0.14	0.09	0.04	0.05	0.32

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	2.03	15.34	17.37
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		2.03	15.34	17.37

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

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:

'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 30th May, 2016 And 14th November, 2016

3. Net Profits of the Company for the last three financial years. – ₹ 17,09,08,528/-

Average Net Profit: ₹ 5,69,69,509.33/-

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

The Company is required to spend ₹ 11,39,390.19/- towards CSR activities in the Financial Year 2016-2017.

Details of CSR activities/ projects undertaken during the year.

a. Total amount to be spent for the year : ₹ 11,39,390.19/-

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	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	300,000	300,000	300,000	300,000
2	Promoting Health Care	Health Care Development	Tardeo Main Road, Haji Ali, Mumbai, Maharashtra	1,100,000	1,100,000	1,100,000	1,100,000
			Total	1,400,000	1,400,000	1,400,000	1,400,000

5. 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

6. 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 C
Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[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 ended on 31st March, 2017 ('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, 2017 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, 2017

**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, 2017

Annexure D

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 2016-2017:

<u>Name of the Director</u>	<u>Ratio</u>
Mr. Rajendra Agarwal (Managing Director)	631%
Mr. Ajay Agarwal (Whole Time Director)	237%

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 2016-2017:

<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)	Nil
Mr. Shreedhar Hirimbi (Company Secretary)	Nil
Mr. Anup Kumar Singh (Executive Professional Director)	2.40%

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: 7.58%
- (iv) The number of permanent employees on the rolls of the Company: There were 643 employees on the rolls as on March 31, 2017
- (v) The explanation on the relationship between average increase in remuneration and Company performance: The Company's turnover increased by 0.09% against the increase in median remuneration is 7.58%. 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 2016-2017 against Financial Year 2015-2016 was 0.09%. The aggregate increase in remuneration of the KMPs was 0.41% during the Financial Year 2016 -2017.
- (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. 410.02 Crores as at March 31, 2017 as against Rs. 139.36 Crores as at March 31, 2016 (based on share prices quoted on the BSE). The Price Earnings Ratio was 37.72:1 as at March 31, 2017 as compared to 24.81:1 as at March 31, 2016 (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 13.76% for employees other than Managerial Personnel and (0.64%) 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, 2017</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 two employees who have received remuneration in excess of the highest paid Director and the ratio stands at 2 : 1.

- (xi) Affirmation that the remuneration is as per the Remuneration Policy of the Company: Yes

Annexure E

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.	0.73 per unit of Fabric Production 1.42 per unit of Yarn Dyeing Production 0.17 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.
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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. 1,23,33,725
		Expenses in foreign currency	Rs. 4,74,27,561
		Earned :	
		FOB	Rs. 55,58,15,484

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, 2017 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, 2017 are given herein below.

Directors' Attendance Record and Directorship / Committee Membership / Chairmanship held as on 31.03.2017

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	5	Yes	2	-	-
Mr. Rajendra Agarwal - Managing Director	Executive	Son of Mr. Vishwanath L. Agarwal	5	Yes	1	-	-
Mr. Ajay Kumar Agarwal - Whole Time Director	Executive	Son of Mr. Vishwanath L. Agarwal	5	Yes	1	-	-
Mr. Santkumar Agarwal	Non-Executive & Independent	None	5	No	1	1	3
Mr. Durgaprasad Agarwal	Non-Executive & Independent	None	5	Yes	2	3	1
Mr. Sivaraj Rajagopal	Non-Executive & Independent	None	2	No	1	-	4
Mrs. Medha Pattanayak	Non-Executive & Independent	None	5	No	1	-	-
Mr. Anup Kumar Singh	Executive & Professional	None	2	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.

b) Appointment / Reappointment of Directors:

Mr. Rajendra 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;
 - (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.

d) 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.

e) Separate meetings of the Independent Directors

The Independent Directors held a Meeting on 6th March, 2017, 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.

f) 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 five Board Meetings were held during the year 2016-2017 on the following dates: 30th May, 2016, 13th August, 2016, 14th November, 2016, 14th February, 2017 and 27th March 2017

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

Annual General Meetings held during last three years

Financial year	Date	Time	Venue	Details of Special Resolution Passed
2013-2014	24.09.2014	11.30 a.m.	Hotel Kohinoor Continental, J.B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai – 400 049	No Special Resolution
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

There was no special resolution passed at AGM.

Extra Ordinary General Meeting

No Extra Ordinary General Meeting of the Shareholders was held during the financial year ended 31st March, 2017 and No resolution was passed through postal ballot.

5. 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:-

- i) Audit Committee.
- ii) Nomination and Remuneration Committee.
- iii) Stakeholders Relationship Committee.
- iv) Risk Management 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.

b) **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, 2016, 13th August, 2016, 14th November, 2016 and 14th February, 2017. 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	2

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.

c) **Power of Audit Committee**

The Audit Committee has the following powers:

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

d) Role of Audit Committee

- a. 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.
- b. Recommending the Board, the appointment, re-appointment and if required replacement or removal of Statutory Auditors and fixation of Audit fees.
- c. Approval of payment to Statutory Auditors for any other services rendered by Statutory Auditors.
- d. 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.
- e. Reviewing, with the management, the quarterly financial statement before submission to the Board for approval.
- f. 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.
- g. Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- h. Approval or any subsequent modification of transaction of listed entity with related parties.
- i. Scrutiny of Inter corporate loans and investments.
- j. Valuation of undertakings of Assets of the listed entity, wherever it is necessary.
- k. Evaluation of internal financial control and risk management.
- l. Reviewing with the management, performance of Statutory and Internal Auditors, Adequacy of the internal control system.
- m. 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;
- n. Discussion with the internal auditors of any significant findings and follow up thereon.
- o. 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.
- p. 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.
- q. 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.
- r. To review the functioning of Whistle Blower Mechanism, in case, if the same exists.
- s. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate:
- t. 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

d) **Meeting**

During the financial year 2016-17, No meeting of Nomination and Remuneration Committee held.

e) **Remuneration Policy**

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

f) **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 2017 is as follows:-

Directors	Salary (including Performance Incentive, if any and other allowance)	Contribution to P. F. and Gratuity	Sitting Fees	Total
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Mr. Vishwanath L Agarwal – Chairman	-	-	5,000	5,000
Mr. Rajendra V Agarwal – Managing Director	2,400,000	403,385	-	2,803,385
Mr. Ajay V Agarwal – Whole Time Director	900,000	151,269	-	1,051,269
Mr. Rajagopal Sivaraj – Non - executive / Independent Director	-	-	4,000	4,000
Mr. Durgaprasad C Agarwal – Non - executive / Independent Director	-	-	9,000	9,000
Mr. Sant Kumar B Agarwal – Non - executive / Independent Director	-	-	9,000	9,000
Mrs. Medha Pattanayak – Non - executive / Independent Director	-	-	5,000	5,000
Mr. Anup Singh – Executive Professional Director	9,71,386	16,956		9,88,342

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	0	0	0
Shareholders-non receipt of Annual Report Queries	Nil	0	0	0
Non receipt of Dividend warrant	Nil	2	2	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 two times on May 30, 2016 and November 14, 2016

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. Rajendra Agarwal	Non-executive and Independent	Member

6. **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.

7. 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 web-site.
- 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, 2017.
- 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.

8. 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.

9. 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 Practising Company Secretary have no adverse remarks for the year ended 31st March, 2017. The report is self-explanatory.

10. GENERAL SHAREHOLDER INFORMATION

Sr. No.	Particulars	Details	
1	Annual General Meeting	23-09-2017 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, 2017	Second week of August, 2017
		September 30, 2017	Second week of November, 2017
		December 31, 2017	Second week of February, 2018
		March 31, 2018	Last week of May 2018
		Annual General Meeting for the year ended March. 31, 2017	August-September, 2017

3	Date of Book Closure	14 th September, 2017 to 22 nd September, 2017 (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 2017-2018 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 satyam.desai@linktime.co.in , rnt.helpdesk@linktime.co.in		
8	Custodial Fees to Depositories	The Company has paid custodial fees for the year 2017-18 to NSDL and CDSL.		
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		

11. 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.

12. STOCK PERFORMANCE

Market Price Data during the year ended 31.03.2017:

Month	BSE				NSE	
	High	Low	BSE Sensex (High)	BSE Sensex (Low)	High	Low
Apr-2016	31.00	26.30	26100.54	24523.20	31.10	26.00
May-2016	32.20	24.50	26837.20	25057.93	32.15	24.30
June-2016	31.90	25.25	27105.41	25911.33	31.95	25.00
July-2016	32.55	28.40	28240.20	27034.14	32.65	28.25
Aug-2016	47.40	25.75	28532.25	27627.97	47.20	26.25
Sept-2016	67.45	44.65	29077.28	27716.78	67.55	44.55
Oct-2016	77.10	59.80	28477.65	27488.30	77.15	59.50
Nov-2016	80.40	48.85	28029.80	25717.93	80.45	48.90
Dec-2016	70.00	51.10	26803.76	25753.74	70.60	51.00
Jan-2017	66.55	56.45	27980.39	26447.06	66.50	57.00
Feb-2017	76.60	56.50	29065.31	27590.10	76.80	56.25
Mar-2017	85.15	70.00	29824.62	28716.21	85.95	67.30



13. SHAREHOLDING PATTERN AS ON 31-03-2017:

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	29994198	57.68
	(b) Bodies Corporate	6	8254000	15.87
	Sub Total(A)(1)	18	38248198	73.55
(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	38248198	73.55
(B)	Public shareholding			
(1)	Foreign Institutions investors			
	(a) Mutual Fund	1	146518	0.28
	Sub-Total (B)(1)	1	146518	0.28
(2)	Non-institutions			
	(a) Bodies Corporate	168	4283528	8.23
	(b) Individuals			
	(i) Individual shareholders holding nominal share capital up to Rs 2 lakh	7919	4664427	8.97
	(ii) Individual shareholders holding nominalshare capital in excess of Rs. 2 lakh.	9	3385949	6.51
	(c) Any Other (specify)			
	Hindu Undivided Family	210	485406	0.93
	Non Resident Indians (Non Repat)	21	14191	0.02
	Non Resident Indians (Repat)	77	108300	0.20
	Clearing Member	179	663483	1.27
	Sub-Total (B)(2)	8583	13605284	26.16
Total Public Shareholding (B)= (B)(1)+(B)(2)		8584	13751802	26.44
TOTAL (A)+(B)		8602	52000000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	51933919	99.87

14. DISTRIBUTION OF SHAREHOLDING AS ON 31-03-2017:

No. of equity shares held	No. of shareholders	% of shareholder	Total no. of shares held	% of shares held
1 - 500	6894	80.14	1006563	1.9357
501 - 1000	757	8.80	650790	1.2515
1001 - 2000	399	4.63	634821	1.2208
2001 - 3000	159	1.84	412374	0.7930
3001 - 4000	57	0.66	208710	0.4014
4001 - 5000	80	0.93	384090	0.7386
5001 – 10000	121	1.40	902317	1.7352
10001- above	135	1.56	47800335	91.9237
Total	8602	100.00	52000000	100.0000

15. 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
2009-10	25/09/2010	25/10/2017
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

16. 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	36100938	69.42
Held in dematerialized form in CDSL	15832981	30.45
Physical	66081	0.13
Total	52000000	100.00

17. 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 Textiles

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

Laxmi Fab.

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

Balaji Industries

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

Laxmi Garment Fabrics

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

18. 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 2017
- 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 2017 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 2017

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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 on 31 March 2017, 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 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement/Listing Regulations, as applicable.

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 and on behalf of

M L BHUWANIA AND CO LLP

Chartered Accountants

Firm's Registration No. 101484W/W100197

Ashishkumar Bairagra

Partner

Membership No.109931

Place: Mumbai

Date: 30th May, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DONEAR INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of DONEAR INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the company as at 31st March, 2017 and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 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 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;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements materially comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to 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 financial statements – Refer Note No.18(a) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
 - iv. The Company had provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management - refer Note No. 40 to the financial statements.

For and on behalf of
M L BHUWANIA AND CO LLP
 Chartered Accountants
 Firm's Registration No. 101484W/W100197

Ashishkumar Bairagra
 Partner
 Membership No.109931

Place: Mumbai
 Date: 30th May, 2017

Annexure:-A referred to in paragraph titled as “Report on other Legal and Regulatory Requirements” of Auditor’s report to the members Donear Industries Limited for the year ended 31st March 2017.

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 inquiries, 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 gives 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, firm or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, clause 3(iii) of the Order is not applicable to the Company.
- (iv) In 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 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, 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 Sales Tax, Value Added Tax and Excise Duty are as under:

Sr. No.	Name of the Statue	Nature of the Dues	Amount (₹)	Financial Year to which the amount relates	Forum where dispute is pending
1.	Maharashtra Value Added Tax Act, 2002	Sales Tax/Value Added Tax	382,649	2005-2006	Joint Commissioner of Sales Tax (Appeals)
2.	Central Excise Act, 1944	Excise Duty on Cenvat Dues	4,16,848	2008-2009	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 and financial institutions during the year. The Company has not taken any loan or borrowing from government and has not issued debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and through term loans during the year. Accordingly, clause 3 (ix) of the Order is not applicable to the Company.
- (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 and on behalf of
M L BHUWANIA AND CO LLP
Chartered Accountants
Firm's Registration No. 101484W/W100197

Ashishkumar Bairagra
Partner
Membership No.109931

Place: Mumbai
Date: 30th May, 2017

Annexure- B referred to in paragraph titled as "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 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is 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 Institute of Chartered Accountants of India. 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the 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, 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 31 March 2017, 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 and on behalf of

M L BHUWANIA AND CO LLP

Chartered Accountants

Firm's Registration No. 101484W/W100197

Ashishkumar Bairagra

Partner

Membership No.109931

Place: Mumbai

Date: 30th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

(Amount in ₹)

Particulars	Note No.	As at 31.03.2017		As at 31.03.2016	
I EQUITY AND LIABILITIES					
(1) Shareholder's fund					
(a) Share Capital	1	10,40,00,000		10,40,00,000	
(b) Reserves and Surplus	2	76,84,50,571	87,24,50,571	65,96,83,537	76,36,83,537
(2) Non-current liabilities					
(a) Long Term Borrowings	3	13,43,00,000		17,43,00,000	
(b) Other Long Term Liabilities	4	19,53,77,257	32,96,77,257	19,05,04,481	36,48,04,481
(3) Current liabilities					
(a) Short Term Borrowings	5	2,47,05,68,515		2,47,26,83,275	
(b) Trade Payables	6	31,64,16,157		26,15,03,799	
(c) Other Current Liabilities	7	14,01,81,952		11,09,85,643	
(d) Short Term Provisions	8	2,08,26,770	2,94,79,93,394	3,30,66,124	2,87,82,38,841
TOTAL			4,15,01,21,222		4,00,67,26,859
II ASSETS					
(1) Non - current assets					
(a) Fixed Assets	9				
(i) Tangible Assets		89,33,91,093		92,78,22,475	
(ii) Intangible Assets		32,55,123		47,46,006	
(iii) Capital Work-in-progress		95,06,189		59,71,712	
		90,61,52,405		93,85,40,193	
(b) Non-current Investment	10	98,40,000		98,40,000	
(c) Deferred Tax Assets	11	9,84,41,220		11,55,27,053	
(d) Long Term Loans and Advances	12	7,08,24,647	1,08,52,58,272	6,92,59,870	1,13,31,67,116
(2) Current assets					
(a) Current Investment				-	
(a) Inventories	13	1,70,97,55,601		1,65,76,04,857	
(b) Trade Receivables	14	1,13,96,24,143		1,02,28,44,248	
(c) Cash and Bank Balances	15	4,61,90,781		4,76,86,480	
(d) Short Term Loans and Advances	16	6,69,31,138		6,19,57,003	
(e) Other Current Assets	17	10,23,61,287	3,06,48,62,950	8,34,67,155	2,87,35,59,743
TOTAL			4,15,01,21,222		4,00,67,26,859
Contingent Liabilities and Commitments	18				
Notes to Accounts	1 to 42				
The notes referred above form an integral part of the financial statements.					

As per our report of attached even date

FOR M L BHUWANIA AND CO LLP
CHARTERED ACCOUNTANTS

Firm Registration Number: 101484W/W100197

Ashishkumar Bairagra
Partner
Membership No.109931

Place : Mumbai
Date : 30th May, 2017

For DONEAR INDUSTRIES LIMITED

Vishwanath L. Agarwal
Chairman
DIN No. 00223140

Rajendra V. Agarwal
Managing Director
DIN No. 00227233

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, 2017

(Amount in ₹)

Particulars	Note No.	Year ended 31.03.2017	Year ended 31.03.2016
Revenue from operations	19	5,17,73,12,985	5,17,28,75,832
Other income	20	4,70,53,658	3,82,58,929
TOTAL REVENUE		5,22,43,66,643	5,21,11,34,761
Cost of Materials Consumed	21	1,94,41,99,463	2,07,89,87,921
Purchases of Stock-in-Trade	22	59,87,41,240	59,27,23,773
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	3,20,08,145	(6,49,80,833)
Employee benefits expense	24	55,62,05,349	52,63,12,620
Finance costs	25	22,88,40,221	28,56,00,543
Depreciation and Amortisation expense	9	14,09,92,797	20,44,38,348
Other expenses	26	1,56,55,12,707	1,49,45,44,283
TOTAL EXPENSES		5,06,64,99,922	5,11,76,26,655
Profit before exceptional and extraordinary items and tax		15,78,66,721	9,35,08,106
Exceptional items	27	1,13,99,593	-
Profit before extraordinary items and tax		16,92,66,314	9,35,08,106
Extraordinary items		-	-
Profit before tax		16,92,66,314	9,35,08,106
Less: Tax Expenses			
Current tax		3,73,00,000	3,11,01,769
Deferred tax		1,70,85,833	71,17,712
MAT credit entitlement		-	-
Income Tax for earlier years		61,13,447	(10,11,211)
Profit for the period		10,87,67,034	5,62,99,836
Earning per equity share :	28		
(1) Basic Earning Per Share		2.09	1.08
(2) Diluted Earning Per Share		2.09	1.08
(3) Face Value Per Share		2.00	2.00
Notes to Accounts	1 to 42		
The notes referred above form an integral part of the financial statements.			

As per our report of attached even date

FOR M L BHUWANIA AND CO LLP
CHARTERED ACCOUNTANTS

Firm Registration Number: 101484W/W100197

Ashishkumar Bairagra
Partner
Membership No.109931

Place : Mumbai
Date : 30th May, 2017

For DONEAR INDUSTRIES LIMITED

Vishwanath L. Agarwal
Chairman
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Rajendra V. Agarwal
Managing Director
DIN No. 00227233

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, 2017

(Amount in ₹)

Particulars	Note No.	2016-17	2015-16
I CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax as per Statement of Profit & Loss		16,92,66,314	9,35,08,106
Adjustment for :			
(a) Depreciation		14,09,92,797	20,44,38,348
(b) Interest Expenses		19,28,82,329	27,95,45,155
(c) Interest Received		(23,54,969)	(95,31,077)
(d) (Profit) / Loss on sale of fixed assets		(1,13,99,593)	2,12,036
(e) Provision no longer required		(20,20,107)	(31,87,119)
(f) Unrealised Foreign Exchange rate difference(net)		(18,55,104)	(8,16,886)
(g) Sundry Balances written off / (back)		(2,40,937)	57,30,148
Operating Profit Before Working Capital Changes		31,62,35,067	47,65,09,845
Adjustment for :			
(a) Inventories		(5,21,50,744)	91,45,610
(b) Trade Receivables		(11,22,20,768)	22,51,33,650
(c) Short Term Loans and Advances		(8,52,926)	(84,34,749)
(d) Long Term Loans and Advances		(1,14,47,860)	(61,82,159)
(e) Other Current Assets		(3,10,89,828)	1,06,01,915
(f) Trade and Other Payables		5,42,97,039	(2,66,28,310)
(g) Short Term Provisions		2,77,837	83,32,584
(h) Other Current Liabilities		4,11,50,315	(1,62,01,293)
(i) Other Long Term Current Liabilities		48,72,776	1,32,54,091
Cash Generated From Operations		48,55,01,381	57,00,17,951
(a) Direct Tax Paid (Net)		(37,83,37,222)	77,90,39,290
Net Cash from/(used) Operating Activities	Total (I)	(3,51,18,641)	1,42,89,707
II CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (including Advance for Capital Goods)		(11,18,30,365)	(7,15,41,290)
Sale of Fixed Assets		-	-
Sale of Fixed Assets		1,16,87,089	2,66,667
Interest received		24,51,726	92,72,034
Net Cash from/(used) Investing Activities	Total (II)	(9,76,91,550)	(6,20,02,589)
III CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(26,39,64,760)	(48,55,48,490)
Proceeds of Borrowings		21,02,81,622	3,76,48,728
Interest Paid		(18,14,38,604)	(28,07,97,593)
Dividend Paid (Including dividend distribution tax)		(1,25,56,202)	(1,25,48,192)
Net Cash from/(used) Financing Activities	Total (III)	(24,76,77,944)	(74,12,45,547)
Net Increase/(decrease) in Cash and Cash Equivalents (I+II+III)	Total	(21,50,913)	(99,19,139)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		2,12,27,663	3,11,46,802
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		1,90,76,750	2,12,27,663
Total		(21,50,913)	(99,19,139)
Notes :			
(1) Cash and cash equivalents include: (Refer Note No 15)			
(a) Cash in hand		18,73,534	27,58,162
(b) Cheque in Hand		58,31,136	87,52,910
(c) Balance with Scheduled Banks in Current Accounts		1,13,99,273	96,61,794
Unrealised translation gain/(loss)		1,91,03,943	2,11,72,866
		(27,193)	54,797
Total		1,90,76,750	2,12,27,663
(2) Interest received on delayed payments from Customers ₹4,14,57,730 (Previous Year ₹2,48,53,547) has been considered as cash flow from Operating Activities.			
(3) 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 M L BHUWANIA AND CO LLP
CHARTERED ACCOUNTANTS

Firm Registration Number: 101484W/W100197

Ashishkumar Bairagra
Partner
Membership No.109931

Place : Mumbai
Date : 30th May, 2017

For DONEAR INDUSTRIES LIMITED

Vishwanath L. Agarwal
Chairman
DIN No. 00223140

Rajendra V. Agarwal
Managing Director
DIN No. 00227233

Ashok B. Agarwal
Chief Financial Officer

Sreedhar H.
Company secretary

Ajay V. Agarwal
Whole time Director
DIN No. 00227279

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

1 SHARE CAPITAL

(Amount in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016
(a) Authorised Shares 160,000,000 Equity Shares, ₹2 par value (Previous Year 160,000,000, ₹2 par value)	32,00,00,000	32,00,00,000
(b) Issued, Subscribed and Fully Paid Up Shares 52,000,000 Equity Shares, ₹2 par value (Previous Year 52,000,000, ₹2 par value)	10,40,00,000	10,40,00,000
Total	10,40,00,000	10,40,00,000

Note No 1.1: The reconciliation of the number of shares outstanding at the beginning and at the end of reporting period 31-03-2017 :

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of shares	Value (in ₹)	No. of shares	Value (in ₹)
(a) Number of shares at the beginning	5,20,00,000	10,40,00,000	5,20,00,000	10,40,00,000
(b) Add : Shares issued during the year	-	-	-	-
(c) Less : Shares bought back (if any)	-	-	-	-
(d) Number of shares at the end	5,20,00,000	10,40,00,000	5,20,00,000	10,40,00,000

Note No 1.2: Terms / rights attached to equity shares:

- (a) The company has only one class of equity shares having a par value of ₹ 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.

Note No 1.3: The details of shareholders holding more than 5% shares in the company:

Sr. No.	Name of the shareholders	As at 31.03.2017		As at 31.03.2016	
		No. of shares held	% of shares held	No. of shares held	% of shares held
1.	Rahul R. Agarwal	45,96,000	8.84%	45,96,000	8.84%
2.	Merrill Lynch Capital Markets ESPANA S. A. S.V.	-	-	39,65,000	7.63%
3.	Rajendra Agarwal	38,46,000	7.40%	38,46,000	7.40%
4.	Ajay Agarwal	37,29,500	7.17%	37,29,500	7.17%
5.	Surya A. Agarwal	36,40,750	7.00%	36,40,750	7.00%
6.	Neena Agarwal	29,17,750	5.61%	29,17,750	5.61%
7.	Bhavardevi Agarwal	27,68,000	5.32%	27,68,000	5.32%
	Total	2,14,98,000	41.34%	2,54,63,000	48.97%

2 RESERVES & SURPLUS

(Amount in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016
(a) General Reserve At the beginning and at the end of the year	34,99,41,701	34,99,41,701
(b) Surplus Opening Balance - Surplus	30,97,41,836	26,59,59,190
Add : Net Profit transferred from Statement of Profit and Loss	10,87,67,034	5,62,99,837
Amount available for appropriation	41,85,08,870	32,22,59,027
Less : Appropriations Proposed Dividend (Refer Note No. 2.1)	-	1,04,00,000
Dividend Distribution Tax	-	21,17,191
Total Appropriations	-	1,25,17,191
Closing Balance - Surplus	41,85,08,870	30,97,41,836
Total of Reserve & Surplus	76,84,50,571	65,96,83,537

Note No. 2.1 :

The Board of Directors have recommended dividend of ₹ 0.20 per Share (Previous Year ₹ 0.20 per share) to be distributed to equity shareholders for the year ended 31.03.2017 as Final Dividend. The total amount of dividend shall be ₹12,517,191 (including dividend distribution tax ₹ 2,117,191), (Previous Year ₹ 12,517,191 including dividend distribution tax ₹ 2,117,191).

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

3 LONG TERM BORROWINGS

(Amount in ₹)

Particulars	As at 31.03.2017		As at 31.03.2016	
Secured Loans				
Term Loans - From Bank				
Indian Rupee (Refer Note No 3.1, 3.2)	173,373,228		224,202,018	
Less : Current Maturities of Long Term Debts (Refer Note No. 7)	39,073,228	134,300,000	49,902,018	174,300,000
Total		134,300,000		174,300,000

Note No 3.1: Nature of Securities

Sr. No.	Bank	Facility	Primary	Collateral	Guarantee
1	State Bank of Hyderabad	Term Loan	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	State Bank of Indore	Term Loan	First Pari passu charge with the existing lenders over all fixed assets of the company (Excluding land and building of Corporate House at MIDC Andheri) (Six months time after the date of first disbursement is provided for create of security)		Personal Guarantee of Promoter Directors Shri. Rajendra V Agarwal, Managing Director and Shri. Vishwanath L. Agarwal, Chairman.

Note No 3.2: Terms of Repayment

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)
1	State Bank of India	2007-2008	Apr'09	15.00%	32
2	State Bank of Hyderabad	2011-2012	Mar'13	11.75%	30

4 OTHER LONG TERM LIABILITIES

(Amount in ₹)

Particulars	As at 31.03.2017		As at 31.03.2016	
<u>Others</u>				
Deposits from dealers / customers		19,53,77,257		19,05,04,481
Total		19,53,77,257		19,05,04,481

5 SHORT TERM BORROWINGS

(Amount in ₹)

Particulars	As at 31.03.2017		As at 31.03.2016	
Secured Loans (Refer Note No 5.1)				
(a) Loans repayable on demand				
From Banks				
Working Capital Loans		1,69,06,46,240		1,65,39,55,600
(b) Other loans and advances				
From Banks				
Cash Credit	47,01,46,258		38,64,78,974	
Export Packing Credit	6,00,86,017	53,02,32,275	10,15,33,701	48,80,12,675
Unsecured Loans				
(a) Loans and Advances from Related Party				
From Directors		24,96,90,000		33,07,15,000
Total		2,47,05,68,515		2,47,26,83,275

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No 5.1:

Sr. No.	Bank	Facility	Primary	Collateral	Guarantee
1	State Bank Of Hyderabad	Working Capital Limits (C C / W C D L / E P C / FUBD/FBP/LC/BG)	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.
2	Dena Bank	Working Capital Limits (C C / W C D L / E P C / FUBD/FBP/LC/BG)	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.
3	State Bank of Patiala	Working Capital Limits (CC)	Hypothecation of entire current including raw material, work-in-progress, material in transit or lying elsewhere, receivables, etc. on pari passu basis with other consortium members.	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.

6 TRADE PAYABLES

(Amount in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016
(a) Sundry Creditors for Goods (Refer Note No 6.1)	10,48,08,539	10,17,42,644
(b) Sundry Creditors for Expenses (Refer Note No 6.1)	21,16,07,618	15,97,61,155
Total	31,64,16,157	26,15,03,799

Note No 6.1:

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.

7 OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016
(a) Current maturities of long-term debts [Refer Note No. 3]	3,90,73,228	4,99,02,018
(b) Interest Accrued but not due on borrowings	-	-
(b) Interest Accrued and due on borrowings	-	-
(b) Unpaid Dividend	2,78,059	3,17,070
(c) <u>Other Payable</u>		
Sundry Creditors for Capital Goods	1,07,38,574	97,97,002
Advance from Customers	7,72,63,761	3,78,68,784
Temporary Bank Overdraft	-	-
Deposits	3,17,017	3,53,339
Statutory Liabilities	1,25,11,313	1,27,47,430
Total	14,01,81,952	11,09,85,643

8 SHORT TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016
(a) <u>Provision for Employee Benefits</u>		
Leave Encashment	1,58,64,001	1,44,99,959
(b) <u>Other</u>		
Provision for Income Taxation [Net of Advance Tax]	49,62,769	60,48,974
Provision for Proposed Dividend (Refer Note No. 2.1)	-	1,04,00,000
Provision for Dividend Distribution Tax	-	21,17,191
Total	2,08,26,770	3,30,66,124

9. FIXED ASSETS

(Amount in ₹)

Sr. No.	Particulars of Assets	GROSS BLOCK (At Cost)			DEPRECIATION/AMORTISATION			NET BLOCK			
		As at 01.04.2016	Additions during the year	Deduction/ Adjustment during the Year	As at 31.03.2017	As at 01.04.2016	For the Year	Deduction/ Adjustment during the year	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
(i) TANGIBLE ASSETS											
	1. Freehold Land	6,83,34,379	-	-	6,83,34,379	-	-	-	-	6,83,34,379	6,83,34,379
	2. Factory Building	56,78,67,997	21,04,165	-	56,99,72,162	31,20,70,140	2,42,35,065	-	33,63,05,205	23,36,66,957	25,57,97,857
	3. Office Premises	28,79,82,379	-	-	28,79,82,379	3,01,34,644	1,25,49,742	-	4,26,84,386	24,52,97,993	25,78,47,735
	4. Residential Building	38,05,526	-	-	38,05,526	14,52,338	1,14,096	-	15,66,434	22,39,092	23,53,188
	5. Plant & Machinery	1,92,99,80,539	8,28,54,740	29,87,571	2,00,98,47,708	1,74,02,68,887	5,29,15,274	28,79,097	1,79,03,05,064	21,95,42,644	18,97,11,652
	6. Electrical Installation	6,07,21,345	3,039	-	6,07,24,384	3,40,24,154	70,98,908	-	4,11,23,062	1,96,01,322	2,66,97,191
	7. Furniture & Fixtures	16,73,98,345	77,96,154	-	17,51,94,499	7,78,85,650	2,43,99,992	-	10,22,85,642	7,29,08,857	8,95,12,695
	8. Computer	5,62,91,396	34,26,417	-	5,97,17,813	5,09,13,828	31,15,571	-	5,40,29,399	56,88,414	53,77,568
	9. Vehicle	3,57,28,085	65,10,230	20,98,360	4,01,39,955	2,67,77,568	37,64,059	19,19,337	2,86,22,290	1,15,17,665	89,50,517
10.	Air Conditioner	2,02,20,202	3,17,782	-	2,05,37,984	1,41,74,876	26,23,424	-	1,67,98,300	37,39,684	60,45,326
	11. Office Equipment	5,17,08,535	17,71,642	-	5,34,80,177	3,45,14,168	81,11,923	-	4,26,26,091	1,08,54,086	1,71,94,367
Current Year Tangible Assets		3,25,00,38,728	10,47,84,169	50,85,931	3,34,97,36,966	2,32,22,16,253	13,89,28,054	47,98,434	2,45,63,45,873	89,33,91,093	92,78,22,475
Previous Year Tangible Assets		3,19,69,56,508	5,42,86,769	12,04,549	3,25,00,38,728	2,11,94,05,719	20,35,36,380	7,25,846	2,32,22,16,253	92,78,22,475	-
(ii) INTANGIBLE ASSETS											
	1. Computer Software	1,98,47,295	8,04,510	4,72,266	2,01,79,539	1,51,01,289	20,64,743	2,41,616	1,69,24,416	32,55,123	47,46,006
Current Year Intangible Assets		1,98,47,295	8,04,510	4,72,266	2,01,79,539	1,51,01,289	20,64,743	2,41,616	1,69,24,416	32,55,123	47,46,006
Previous Year Intangible Assets		1,81,10,146	20,89,585	3,52,436	1,98,47,295	1,44,32,522	9,01,963	2,33,196	1,51,01,289	47,46,006	-
Total Current Year		3,26,98,86,023	10,55,88,679	55,58,197	3,36,99,16,505	2,33,73,17,542	14,09,92,797	50,40,050	2,47,32,70,289	89,66,46,216	93,25,68,481
Total Previous Year		3,21,50,66,654	5,63,76,354	15,56,985	3,26,98,86,023	2,13,38,38,241	20,44,38,343	9,59,042	2,33,73,17,542	93,25,68,481	-
(iii) CAPITAL WORK-IN-PROGRESS											
	1. Plant & Machinery	59,71,712	69,61,815	34,27,338	95,06,189	-	-	-	-	95,06,189	59,71,712
Total Capital Work-In-Progress		59,71,712	69,61,815	34,27,338	95,06,189	-	-	-	-	95,06,189	59,71,712

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

10 NON CURRENT INVESTMENT

(Amount in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016
Unquoted (At Cost)		
Trade Investments		
Equity Instruments		
72,000 (Previous Year 72,000) Equity Shares of Palsana Enviro Protection Ltd., ₹ 100 par Value fully paid up	98,40,000	98,40,000
Total	98,40,000	98,40,000

11 DEFERRED TAX ASSETS

(Amount in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016
On account of		
(i) Difference in Depreciation as per books and as per Income Tax Act, 1961	9,72,29,364	11,50,08,189
(ii) Expenses allowable under Income Tax on payment basis	12,11,856	5,18,864
Deferred Tax Assets	9,84,41,220	11,55,27,053

12 LONG TERM LOANS & ADVANCES

(Amount in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016
(Unsecured, considered good, unless otherwise stated)		
(a) Capital Advances	1,24,60,421	88,41,284
(b) Security Deposits (Considered Goods)	1,77,60,090	1,22,14,991
(c) Other loans and advances		
(i) Advance recoverable in cash or in kind or for value to be received	3,47,745	6,61,317
(ii) Advance Tax [Net of provision for tax]	-	55,48,737
(iii) MAT Credit Entitlement	2,78,00,275	3,57,53,758
(iv) Loan to Staff	1,24,56,116	62,39,783
Total	7,08,24,647	6,92,59,870

13 INVENTORIES

(Amount in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016
(a) Raw Material	38,21,01,241	31,04,31,287
(b) Semi Finished Goods	21,84,36,049	21,63,73,401
(c) Finished Goods (Refer Note No. 13.1)	71,76,92,580	85,03,35,003
(d) Traded Finished Goods	29,57,82,914	19,72,11,284
(e) Stores & Tools	6,29,96,893	5,86,71,929
(f) Packing Material	3,27,45,924	2,45,81,953
Total	1,70,97,55,601	1,65,76,04,857

Note No 13.1 :

Finished Goods includes Goods-in-Transit of ₹ 16,02,761 (Previous Year ₹ 18,04,183)

14 TRADE RECEIVABLES

(Amount in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016
(Unsecured)		
(a) Outstanding for a period exceeding six months from the date they are due for payment (Refer Note No. 14.1) (Considered Good)	22,57,62,268	13,72,17,626
(b) Other than above (Considered Good)	91,38,61,875	88,56,26,622
Total	1,13,96,24,143	1,02,28,44,248

Note No. 14.1

Balance of Debtors includes ₹ 6,89,22,113 (Previous Year ₹ 7,11,70,963) which are overdue but no provision has been made in the accounts as Management is hopeful of recovery.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

15 CASH AND BANK BALANCES

(Amount in ₹)

Particulars	As at 31.03.2017		As at 31.03.2016	
(a) <u>Cash & Cash Equivalents</u>				
(i) <u>Balance with banks</u>				
- In Current Account	1,13,99,273		97,25,010	
(ii) Cheques, Drafts in Hand	58,31,136		87,52,910	
(iii) Cash In Hand (Refer Note No. 40)	18,46,341	1,90,76,750	27,49,743	2,12,27,663
(b) <u>Other Balance with banks</u>				
In Unpaid Dividend Account (Refer Note No 15.1)	2,78,059		3,17,070	
In Margin Money Deposits due within one year (Refer Note No 15.2)	2,45,98,100		1,77,76,535	
In Margin Money Deposits due after one year (Refer Note No 15.2)	22,37,872	2,71,14,031	83,65,212	2,64,58,817
Total		4,61,90,781		4,76,86,480

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 ₹ 2,68,35,972 (Previous Year ₹ 2,61,41,747) are lying with bank against Bank Guarantees and Letter of Credit.

16 SHORT TERM LOANS & ADVANCES

(Amount in ₹)

Particulars	As at 31.03.2017		As at 31.03.2016	
(Unsecured, considered good, unless otherwise stated)				
<u>Other loans and advances</u>				
(a) Deposits	32,956		91,500	
(b) Advance recoverable in cash or in kind or for value to be received	1,19,79,421		69,76,762	
(c) Advance Tax [Net of provision for tax]	55,77,199		14,55,990	
(d) Balance with Government Authorities	-		5,211	
(e) Loans to Staff	1,82,55,367		1,52,60,860	
(f) Trade Advances	3,10,86,195		3,81,66,680	
Total		6,69,31,138		6,19,57,003

17 OTHER CURRENT ASSETS

(Amount in ₹)

Particulars	As at 31.03.2017		As at 31.03.2016	
(a) Export Incentive Receivable	6,93,54,575		5,38,45,906	
(b) Interest Receivable	2,29,17,485		2,89,84,522	
(c) Sales Tax Refund Receivable	6,37,693		5,37,612	
(d) Others	94,51,534		99,115	
Total		10,23,61,287		8,34,67,155

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

18 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in ₹)

Particulars	As at 31.03.2017		As at 31.03.2016	
(a) Contingent Liability not provided for in respect of				
(i) Claims against the Company not acknowledged as debt		45,84,890		4,95,502
(ii) Other money for which the company is contingently liable :				
Disputed Sales Tax Liability	3,82,649		3,82,649	
Excise Duty Liability	4,16,848		4,16,848	
Property Tax	76,93,835		-	
Bonds executed under EPCG Schemes to Customs Authorities	13,23,42,984		12,27,96,645	
		14,08,36,316		12,35,96,142
(b) Commitments not provided for in respect of				
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances)		96,59,869		67,27,015
Total		15,50,81,075		13,08,18,659

19 REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
(a) Sale of Products (Refer Note No 19.1)		4,82,48,46,959		4,81,30,73,351
(b) Sale of Services (Refer Note No 19.2)		28,98,84,232		30,21,78,342
(c) <u>Other Operating Revenue</u>				
Sale of Scrap	1,20,32,221		1,11,48,649	
Franchisee Registration Fees	54,95,000		53,85,000	
Export Incentives	4,50,54,573	6,25,81,794	4,10,90,490	5,76,24,139
Total		5,17,73,12,985		5,17,28,75,832

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
Note No 19.1: Sale of products				
(a) Sales of Fabrics (Local)	3,60,61,79,014		3,81,05,56,542	
(b) Sales of Fabrics (Export)	46,38,56,378		51,08,12,168	
(c) Sales of Yarn (Local)	13,15,11,146		9,87,68,775	
(d) Sale of Garments (Local)	53,13,41,315		37,36,53,571	
(e) Sale of Garments (Export)	9,19,59,106	4,82,48,46,959	1,92,82,295	4,81,30,73,351
Note No 19.2: Sale of services				
(a) Process Job Sales	20,62,07,338		20,83,86,737	
(b) Yarn Job Sales	1,16,60,228		3,57,76,629	
(c) Rental Income	7,20,16,666	28,98,84,232	5,80,14,976	30,21,78,342

20 OTHER INCOME

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
(a) <u>Interest income</u>				
Interest on Deposit with Bank	22,10,629		21,32,584	
Interest received on Tax Refunds	1,44,340		73,98,493	
Interest on delayed payments from Customers	4,14,57,730	4,38,12,699	2,48,53,547	3,43,84,624
(b) <u>Other non-operating income</u>				
Provision no longer required	20,20,107		31,87,119	
Gain on Foreign Currency Transactions (Net)	-		2,41,569	
Miscellaneous Income	12,20,852	32,40,959	4,45,617	38,74,305
Total		4,70,53,658		3,82,58,929

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

21 COST OF MATERIALS CONSUMED

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
Raw Material Consumed				
Opening Stock of Raw Material	31,04,31,287		36,24,61,169	
Add : Purchases of Raw Material	2,01,58,69,417		2,02,69,58,039	
Less : Closing Stock of Raw Material	38,21,01,241	1,94,41,99,463	31,04,31,287	2,07,89,87,921
Total of Cost of materials consumed (Refer Note No 21.1)		1,94,41,99,463		2,07,89,87,921

Note No 21.1 Details and Value of Imported and Indigenous Raw Material Consumed

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
	₹	Percentage	₹	Percentage
(a) Yarn Consumed				
(i) Indigenous	1,65,48,33,564	85.11%	1,77,32,82,137	85.30%
(ii) Imported	-	0.00%	2,02,14,551	0.97%
Total Yarn Consumed	1,65,48,33,564	85.11%	1,79,34,96,688	86.27%
(b) Dyes & Chemicals Consumed (Indigenous)	27,14,30,280	13.96%	27,66,03,002	13.30%
(c) Others (Indigenous)				
(i) Indigenous	1,70,43,690	0.88%	88,88,231	0.43%
(ii) Imported	8,91,929	0.05%	-	0.00%
Total Raw Material Consumed	1,94,41,99,463	100.00%	2,07,89,87,921	100.00%
Total of Cost of Material Consumed (a)+(b)+(c)				
(i) Indigenous	1,94,33,07,534	99.95%	2,05,87,73,370	99.03%
(ii) Imported	8,91,929	0.05%	2,02,14,551	0.97%
Total of Cost of materials consumed	1,94,41,99,463	100.00%	2,07,89,87,921	100.00%

22 PURCHASES OF STOCK IN TRADE

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
(a) Finish Fabric Purchases		44,15,46,658		44,66,61,872
(b) Grey Fabric Purchases		6,22,43,159		9,87,97,017
(c) Garment Purchases		9,49,51,423		4,72,64,884
Total		59,87,41,240		59,27,23,773

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

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
(a) Finished Goods				
Opening Stock of Finished Fabrics	83,63,64,247		70,21,70,414	
Closing Stock of Finished Fabrics	71,76,92,580	11,86,71,667	83,63,64,247	(13,41,93,833)
(b) Work in Progress				
Opening Stock of Grey Fabrics	21,63,73,401		27,77,31,246	
Closing Stock of Grey Fabrics	21,84,36,049	(20,62,648)	21,63,73,401	6,13,57,845
(c) Stock-in-Trade				
Opening Stock of Garments	21,11,82,040		21,90,37,195	
Closing Stock of Garments	29,57,82,914	(8,46,00,874)	21,11,82,040	78,55,155
Total		3,20,08,145		(6,49,80,833)

24 EMPLOYEE BENEFITS EXPENSE

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
(a) Salaries, Wages & Other Benefits		52,41,65,482		49,96,95,534
(b) Contribution to Provident Fund and Other Funds		2,14,27,676		1,95,81,508
(c) Staff Welfare Expenses		1,06,12,191		70,35,578
Total		55,62,05,349		52,63,12,620

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

25 FINANCE COSTS

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
(a) Interest expenses				
(i) Interest on Term Loan	2,41,85,476		3,81,76,170	
(ii) Interest on Other Bank Loan	16,86,96,853	19,28,82,329	24,13,68,985	27,95,45,155
(b) Other Borrowing Cost				
(i) Processing Charges	66,46,332		60,55,388	
(ii) Premium on Forward Contract	2,83,69,856	3,50,16,188	-	60,55,388
(c) Net Loss on Foreign Currency Transactions Considered as Borrowing Cost		9,41,704		-
Total		22,88,40,221		28,56,00,543

26 OTHER EXPENSES

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
Consumption of Stores & Spares (Refer Note No 26.1)		6,79,05,185		9,96,65,290
Processing Charges		78,69,615		3,07,22,939
Weaving Charges		8,46,07,353		11,98,62,640
Other Labour Charges		17,56,34,871		9,25,54,445
Power and Fuel		33,31,25,810		32,49,63,778
Repairs and Maintenance				
On Building	49,25,418		74,95,267	
On Machinery	1,26,97,653		93,49,016	
On Others	3,08,84,727	4,85,07,798	2,71,81,639	4,40,25,922
Security Charges		26,67,777		23,65,319
Brokerage on purchase		18,69,338		28,31,359
Legal & Professional Expenses		1,83,05,402		1,70,35,989
Travelling & Conveyance		4,80,96,027		5,18,94,092
Net Loss / (Gain) on Foreign Currency Transactions		16,61,276		-
Insurance Charges		56,45,823		40,39,670
Packing Material Consumed		14,58,92,085		21,98,77,157
Rates & Taxes		1,04,61,805		74,70,739
Rent Expense		1,52,13,373		1,26,11,190
Interest Expenses		54,13,230		1,25,81,129
Printing & Stationery		84,01,128		83,41,743
Postage, Telegram & Telephone		1,81,81,329		1,85,52,184
Auditors Remuneration (Refer Note No 26.2)		11,82,252		15,33,034
Sundry Balance W/off (net)		35,41,154		21,70,260
Loss on Sale of Asset		-		2,12,036
Fixed Assets Written Off		2,30,651		1,19,240
Bad and doubtful debts	-		1,19,70,188	
Less: Allowance for bad and doubtful advances written back	-	-	1,19,70,188	-
Allowance for bad and doubtful advances	-		22,20,026	-
Less: Allowance for bad and doubtful advances written back	-	-	22,20,026	-
Bank Charges		63,34,865		62,49,243
Transportation Expenses		4,49,10,475		4,79,29,430
Sample Expenses		1,76,42,135		1,94,89,559
Advertisement & Sales Promotion		24,23,14,185		14,86,51,838
Sales Commission		10,99,93,829		9,93,07,221
Discount, Rebate & Claims		11,99,43,971		8,08,87,310
Miscellaneous Expenses		1,99,59,965		1,85,99,527
		1,56,55,12,707		1,49,45,44,283

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

Note No. 26.1 - Value of imported and indigenous Stores & Spares consumed

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
	₹	Percentage	₹	Percentage
<u>Stores & Spares Consumed</u>				
(i) Indigenous	6,08,76,318	89.65%	8,13,23,714	81.60%
(ii) Imported	70,28,867	10.35%	1,83,41,576	18.40%
Total Stores & Tools Consumed	6,79,05,185	100.00%	9,96,65,290	100.00%

Note No. 26.2 - Auditors Remuneration:

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
<u>Statutory Auditors Remuneration</u>				
<u>As an auditor</u>				
- Audit Fees (including Limited Review)	7,00,000		8,10,000	
- Tax Audit Fees	1,60,000		4,00,000	
- Towards Service Tax	1,33,200	9,93,200	1,68,748	13,78,748
<u>Other capacity</u>				
- Certification	35,000		35,000	
- Towards Service Tax	5,550	40,550	5,286	40,286
<u>Cost Auditors Remuneration</u>				
- Audit Fees	1,25,000		1,00,000	
- Towards Service Tax	23,502	1,48,502	14,000	1,14,000
		11,82,252		15,33,034

27 EXCEPTIONAL ITEMS

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
Profit on Sale of Fixed Assets		1,13,99,593		-
		1,13,99,593		-

28 EARNING PER SHARE (EPS)

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

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
	Description	Value	Description	Value
(a) Profit attributable to Equity Shareholders	(In ₹)	10,87,67,034	(In ₹)	5,62,99,836
(b) Number of Equity Shares outstanding during the year	(In Nos.)	5,20,00,000	(In Nos.)	5,20,00,000
(c) Face Value of each Equity Share	(In ₹)	2.00	(In ₹)	2.00
(d) Basic / Diluted earning per share (a) / (b)	(In ₹)	2.09	(In ₹)	1.08

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

29 SEGMENT REPORTING

(i) Information About Primary Business Segment

Particulars	31.03.2017				31.03.2016			
	Segments			Total	Segments			Total
	Textiles	Rentals	Unallocable		Textiles	Rentals	Unallocable	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue								
Segment Revenue	5,10,52,96,319	7,20,16,666	-	5,17,73,12,985	5,11,48,60,856	5,80,14,976	-	5,17,28,75,832
Result								
Segment Results	42,41,41,572	4,89,45,059	-	47,30,86,631	45,53,32,046	3,75,62,363	-	49,28,94,409
Less: Unallocated Corporate Expenses Net of Unallocated Corporate Income	-	-	30,38,20,317	30,38,20,317	-	-	39,93,86,303	39,93,86,303
Less: Extra Ordinary Items	-	-	-	-	-	-	-	-
Profit Before Tax	42,41,41,572	4,89,45,059	(30,38,20,317)	16,92,66,314	45,53,32,046	3,75,62,363	(39,93,86,303)	9,35,08,106
Less: Provision For Tax (Net of Deferred Tax)	-	-	5,43,85,833	5,43,85,833	-	-	3,82,19,481	3,82,19,481
Net Profit After Tax & Before Prior Period Adjustments	42,41,41,572	4,89,45,059	(35,82,06,150)	11,48,80,481	45,53,32,046	3,75,62,363	(43,76,05,784)	5,52,88,625
Add : Prior Period Tax Adjustments	-	-	61,13,447	61,13,447	-	-	(10,11,211)	(10,11,211)
Net Profit After Prior Period Adjustments	42,41,41,572	4,89,45,059	(36,43,19,597)	10,87,67,034	45,53,32,046	3,75,62,363	(43,65,94,573)	5,62,99,836
Other Information								
Segment Assets	3,83,21,42,681	13,32,82,480	18,46,96,062	4,15,01,21,223	3,60,95,06,161	14,91,58,746	24,80,61,951	4,00,67,26,858
Segment Liabilities	57,34,71,319	3,77,88,630	2,66,64,10,702	3,27,76,70,651	46,21,69,509	4,17,34,630	2,73,91,39,183	3,24,30,43,322
Capital Expenditure	10,55,88,679	-	-	10,55,88,679	3,09,98,865	2,53,77,489	-	5,63,76,354
Depreciation / Amortisation	12,20,05,697	1,89,87,100	-	14,09,92,797	18,62,50,475	1,81,87,873	-	20,44,38,348

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.
- Segment revenue, results, assets and liabilities include the respective amounts identifiable to each of the segments and amounts allocated on a reasonable basis.
- As this being the first year of reportable segment under Accounting Standard 17 on Segmental Reporting, previous year figures are not applicable.

(ii) Information About Secondary Geographical Business Segment

(Amount in ₹)

Particulars	Year ended 31.03.2017		Year ended 31.03.2016	
	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	4,66,85,51,159	55,58,15,484	4,68,10,40,298	53,00,94,463
(b) Segment Assets	4,03,10,08,586	11,91,12,636	3,91,50,68,412	9,16,58,447
(c) Addition to Fixed Assets	10,55,88,679	-	5,63,76,354	-

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

30 RELATED PARTY DISCLOSURES

The disclosures of Related Party as under :

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) Mrs. Neena Agarwal (Wife of Shri Ajay V. Agarwal)	Relative of Key Management Personnel
(d) (i) Donear Synthetics Limited	Entities where individual having control / significant influence or key management personnel or their relatives are able to exercise significant influence
(ii) Rajendra Synthetics Pvt. Ltd	
(iii) R. Ajay Kumar Real Estate LLP	
(iv) Neptune Fabs	
(v) Venus Textiles	
(vi) Lotus Fabrics	
(vii) Mercury Industries	

Disclosure of related party transaction during the year.

(Amount in ₹)

Nature of Transaction & Name of the Related Party	Year ended 31.03.2017		Year ended 31.03.2016	
(a) Purchase of Goods, Fixed Assets & Other Services				
(i) Neptune Fabs	56,65,955		58,39,120	
(ii) Venus Textiles	1,12,90,255		1,06,28,125	
(iii) Lotus Fabrics	75,00,370		42,16,255	
(iv) Mercury Industries	92,67,720		1,01,70,520	
(v) Donear Synthetics Ltd	-		3,543	
(vi) Rajendra Synthetics Pvt. Ltd	-	3,37,24,300	3,57,263	3,12,14,826
(b) Sale of Goods (Net of Goods Return)				
(i) Donear Synthetics Ltd	13,05,291		7,65,197	
(ii) Mercury Industries	65,15,820	78,21,111	-	7,65,197
(c) Sales Promotion Expenses reimbursed				
(i) Donear Synthetics Ltd		-		34,196
(d) Director's Sitting Fees				
(i) Shri Vishwanath L. Agarwal	5,000		5,000	
(ii) Mrs. Neena Agarwal	-	5,000	3,000	8,000
(e) Rent Paid				
(i) R.Ajaykumar Real Estate. LLP		-		14,22,000
(f) Remuneration Paid				
(i) Shri Rajendra V. Agarwal	28,03,385		28,03,385	
(ii) Shri Ajay V. Agarwal	10,51,269	38,54,654	10,51,269	38,54,654
(g) Rent Received				
(i) Neptune Fabs	1,00,000		1,00,000	
(ii) Venus Textiles	1,00,000		1,00,000	
(iii) Lotus Fabrics	1,00,000		1,00,000	
(iv) Mercury Industries	1,00,000	4,00,000	1,00,000	4,00,000
(h) Other recovery of expenses				
(i) Neptune Fabs	18,70,222		18,54,651	
(ii) Venus Textiles	31,54,461		36,16,795	
(iii) Lotus Fabrics	21,05,093		15,50,145	
(iv) Mercury Industries	27,18,542	98,48,318	30,71,469	1,00,93,060
(k) Deposits Given				
(i) R.Ajaykumar Real Estate. LLP		-		4,50,000
(l) Deposits Received back				
(i) R.Ajaykumar Real Estate. LLP		-		2,61,000
(m) Deposits Received				
(i) Neptune Fabs	-		50,00,000	
(ii) Venus Textiles	-		84,00,000	
(iii) Lotus Fabrics	-		50,00,000	
(iv) Mercury Industries	-	-	88,00,000	2,72,00,000

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

(n) Deposits Refunded				
(ii) Neptune Fabs	-		50,00,000	
(iii) Venus Textiles	20,00,000		64,00,000	
(iv) Lotus Fabrics	-		50,00,000	
(v) Mercury Industries	20,00,000	40,00,000	68,00,000	2,32,00,000
(o) Loans Received				
(i) Shri Vishwanath L. Agarwal	4,76,00,000		4,05,00,000	
(ii) Shri Rajendra Agarwal	3,87,00,000		4,89,50,000	
(iii) Shri Ajay V. Agarwal	4,19,25,000	12,82,25,000	1,49,00,000	10,43,50,000
(p) Loans Repaid				
(i) Shri Vishwanath L. Agarwal	4,50,75,000		6,40,00,000	
(ii) Shri Rajendra Agarwal	5,44,40,000		5,31,50,000	
(iii) Shri Ajay V. Agarwal	10,97,35,000	20,92,50,000	2,87,60,000	14,59,10,000
		39,71,28,383		34,91,62,933

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

(Amount in ₹)

Name of the Related Party	As at 31.03.2017	As at 31.03.2016
(a) Outstanding Net Receivable		
(i) Donear Synthetics Ltd	-	48,893
(b) Deposit Paid		
(i) R.Ajaykumar Real Estate. LLP	4,50,000	4,50,000
(c) Deposit Taken		
(i) Neptune Fabs	30,00,000	30,00,000
(ii) Venus Textiles	30,00,000	50,00,000
(iii) Lotus Fabrics	30,00,000	30,00,000
(iv) Mercury Industries	30,00,000	50,00,000
	1,20,00,000	1,60,00,000
(d) Loans Outstanding		
(i) Shri Vishwanath L. Agarwal	5,42,00,000	5,16,75,000
(ii) Shri Rajendra Agarwal	7,83,00,000	9,40,40,000
(iii) Shri Ajay V. Agarwal	11,71,90,000	18,50,00,000
	24,96,90,000	33,07,15,000
(e) Guarantee given by directors		
(i) Towards Term Loan	17,33,73,228	22,42,02,018
(ii) Towards Working Capital	2,22,08,78,515	2,14,19,68,275
	2,39,42,51,743	2,36,61,70,293
	2,65,63,91,743	2,71,33,84,186

31 EMPLOYEE BENEFIT

The Company has schemes for long term benefits such as Provident Fund and Gratuity. The Company's "Defined Contribution Plan" includes Contribution to Employees Provident Fund and "Defined Benefit Plan" includes Gratuity. Related disclosures are given as under:

Particulars	As at 31.03.2017	As at 31.03.2016
(a) Defined Contribution Plan - Employees Provident Fund	1,59,67,526	1,42,32,896
(b) Defined Benefit Plan - Gratuity		
(i) Assumptions		
Discount Rate	8%	8%
Salary Escalation	3%	3%
(ii) Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	1,44,94,295	1,29,36,107
Interest cost	11,59,544	10,34,888
Current Service cost	27,77,968	28,87,629
Benefits paid	(15,70,996)	(16,32,693)
Actuarial (gain)/Loss on obligations	(10,54,422)	(7,31,636)
Present value of obligations as at end of year	1,58,06,389	1,44,94,295
(iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	1,36,63,499	1,27,78,759
Expected return on plan assets	10,59,763	10,00,698
Contributions	14,75,954	15,16,735

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

Benefits paid	(15,70,996)	(16,32,693)
Actuarial Gain / (Loss) on Plan assets	Nil	Nil
Fair value of plan assets at the end of year	1,46,28,220	1,36,63,499
(iv) Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	1,36,63,499	1,27,78,759
Actual return on plan assets	10,59,763	10,00,698
Contributions	14,75,954	15,16,735
Benefits Paid	(15,70,996)	(16,32,693)
Fair value of plan assets at the end of year	1,46,28,220	1,36,63,499
Funded Status	(11,78,169)	(8,30,796)
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) Actuarial Gain/Loss recognized		
Actuarial(gain)/Loss for the year Obligation	10,54,422	7,31,636
Actuarial (gain)/Loss for the year - Plan Assets	Nil	Nil
Total (gain)/Loss for the year	(10,54,422)	(7,31,636)
Actuarial (gain)/Loss recognized in the year	(10,54,422)	(7,31,636)
(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	1,58,06,389	1,44,94,295
Fair value of plan assets as at the end of the year	1,46,28,220	1,36,63,499
Funded status	(11,78,169)	(8,30,796)
Net Asset / (Liability) recognized in balance sheet	(11,78,169)	(8,30,796)
(vii) Expenses Recognised in statement of Profit & Loss		
Current Service cost	27,77,968	28,87,629
Interest Cost	11,59,544	10,34,888
Expected return on plan assets	(10,59,763)	(10,00,698)
Net Actuarial (gain)/Loss recognised in the year	(10,54,422)	(7,31,636)
Expenses recognised in statement of Profit & Loss	18,23,327	21,90,183

32 LEASE

(Amount in ₹)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(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. 19 "Revenue from Operations".	7,20,16,666	5,80,14,976

(Amount in ₹)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
(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. 26 "Other Expenses"	1,52,13,373	1,26,11,190

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

33 C.I.F. VALUE OF IMPORTS

		(Amount in ₹)	
Particulars	Year ended 31.03.2017	Year ended 31.03.2016	
(a) Raw Material	8,91,929	2,02,14,551	
(b) Components and Spare parts	50,76,718	2,53,32,321	
(c) Capital Goods (High Sea Purchase)	63,65,078	-	
Total	1,23,33,725	4,55,46,872	

34 EARNINGS IN FOREIGN EXCHANGE

		(Amount in ₹)	
Particulars	Year ended 31.03.2017	Year ended 31.03.2016	
(a) F.O.B. Value of Exports	55,22,76,679	52,61,87,982	
(b) Freight	32,88,213	36,34,419	
(c) Insurance	2,50,592	2,72,062	
Total	55,58,15,484	53,00,94,463	

35 EXPENDITURE IN FOREIGN CURRENCY

		(Amount in ₹)	
Particulars	Year ended 31.03.2017	Year ended 31.03.2016	
(a) Travelling, Lodging & Boarding	41,20,231	99,71,067	
(b) Advertisement and Sales Promotion	41,89,734	49,07,237	
(c) Commission	1,37,84,592	1,56,31,506	
(d) Book & Periodicals	19,893	8,723	
(e) Interest Expenses	2,37,83,747	19,45,942	
(g) Foreign Bank Charges	12,81,702	13,72,598	
(f) Others	2,47,662	8,98,468	
Total	4,74,27,561	3,47,35,541	

36 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 ₹ required or available at the settlement date of certain payables and receivables. The following are the outstanding Forward Exchange Contracts entered into by the Company

Currency	Buy or Sell	As at 31.03.2017		As at 31.03.2016	
		Foreign Currency Amount	₹	Foreign Currency Amount	₹
USD	BUY	2,19,23,592	1,42,24,13,585	-	-

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 31.03.2017		As at 31.03.2016	
	Foreign Currency Amount	₹	Foreign Currency Amount	₹
USD	14,44,079	9,34,66,003	13,09,392	8,65,49,226
Euro	3,02,374	2,09,04,613	1,05,166	78,93,035

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

Particulars and Currency	As at 31.03.2017		As at 31.03.2016	
	Foreign Currency Amount	₹	Foreign Currency Amount	₹
Payables				
USD	8,01,220	5,19,83,556	16,27,687	10,78,43,698
Euro	21,073	14,60,583	13,683	10,29,599
CHF	290	18,801	290	19,962

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

- 37** 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.
- 38** The balances of Trade Receivables, Trade Payables and Loans and Advances are subject to confirmation and consequential adjustment, if any.
- 39 Corporate Information**
Donear Industries Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). 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 has manufacturing facilities located at Silvassa and Surat. It has one of the best process house as compared to other textile industries located at Surat.
- 40** Details of Specified Bank Notes (SBN) held and transacted during the demonetization period (08th November, 2016 to 30th December, 2016) as provided in the table below :

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing Cash in Hand as on 08.11.2016	7,10,500	8,81,825	15,92,325
(+) Permitted receipts	-	2,56,69,934	2,56,69,934
(-) Permitted Payments	-	2,53,90,221	2,53,90,221
(-) Amount deposited in Banks	7,10,500	73,963	7,84,463
Closing Cash in Hand as on 30.12.2016	-	10,87,575	10,87,575

41 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards and provisions of the Companies Act, 2013.

(b) Use of Estimates

The presentation and preparation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of revenues and expenses during the reporting year. Difference between the actual result and the estimates are recognized in the year in which the results are known / materialized.

(c) Inventories Valuation

- 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.
Cost of Dyes and Chemicals included in the cost of Raw Material are determined on first-in-first-out (FIFO) basis.
- 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.
- 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.
- 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.

(d) Fixed Assets and Depreciation / Amortisation

- All tangible Fixed Assets are stated at Cost less Accumulated Depreciation. The cost comprises purchase price, borrowing costs, if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.
 - The depreciation on tangible fixed assets has been provided on the Written Down Value method as per the useful life prescribed in Schedule II to the Companies Act, 2013.
 - 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 ready for use.
- In respect of fixed assets purchased during the period, depreciation is provided on a pro-rata basis from the date on which such asset is ready to be put to use. Depreciation on Intangible assets – Software is amortised over a period of 5 years on straight line method.

(e) Revenue Recognition

- Sale & Sale of Services
Sales are recognised when the significant risks and rewards of ownership of the goods are passed to the customer and with regard to services, when services are rendered. Sales are accounted net of trade discount and sales tax (Value added Tax) collected.
- Other Income
Interest income is recorded on a time proportion basis taking into account the amounts invested and the rate of interest.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

(iii) Export Benefits

All export benefits other than advance license benefits are accounted for on accrual basis

(iv) Dividends

Dividend income is recognised when the company's right to receive dividend is established by the reporting date.

(f) Foreign Exchange Transactions

- (i) Foreign exchange transactions are recorded at the exchange rates prevailing on the date of the transaction.
- (ii) Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.
- (iii) In respect of transactions covered by forward exchange contracts, the difference between forward rate and exchange rate at the inception of the contract is recognized over the life of the contract.

(g) Investments

- (i) Long Term Investments are stated at cost. Provision for diminution in the value of Long Term Investment is made only if such a decline is other than temporary, in the opinion of the Management.
- (ii) Current Investments are valued at lower of cost and market value compared on a scrip wise basis.

(h) Employee benefits expense

- (i) Short term employee benefits are recognized as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.
- (ii) Contribution payable to the Recognised Employees Provident Fund which is Defined Contribution Scheme is charged to Statement of Profit and Loss .
- (iii) Liabilities in respect of defined benefit plans-Gratuity are determined based on actuarial valuation made by an independent actuary as at the balance sheet date and contribution made is charged to Statement of Profit and Loss. The actuarial gains or losses are recognized immediately in the Statement of Profit and Loss.

(i) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying Fixed Assets are capitalized up to the date when such Assets are ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

(j) Lease

- (i) Lease rentals in respect of assets acquired under operating leases are charged off to the Statement of Profit and Loss.
- (ii) Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.
- (iii) Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc., are recognised immediately in the statement of profit and loss.

(k) Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares except where the results would be anti-dilutive. The numbers of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential equity shares.

(l) Provision for Taxation and Deferred Tax

- (i) Provision for Income tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the Income- tax Act, 1961.
- (ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

(m) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

(n) Provision & Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

(o) Cash and Cash equivalents

Cash and Cash equivalents for the purpose of cash flow statements comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(p) 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.

- 42 The Previous year figures have been regrouped / reclassified, wherever necessary to confirm to the current presentation as per the revised schedule III.

As per our report of attached even date

FOR M L BHUWANIA AND CO LLP

CHARTERED ACCOUNTANTS

Firm Registration Number: 101484W/W100197

For DONEAR INDUSTRIES LIMITED

Ashishkumar Bairagra

Partner

Membership No.109931

Vishwanath L. Agarwal

Chairman

DIN No. 00223140

Rajendra V. Agarwal

Managing Director

DIN No. 00227233

Place : Mumbai

Date : 30th May, 2017

Ashok B. Agarwal

Chief Financial Officer

Sreedhar H.

Company secretary

Ajay V. Agarwal

Whole time Director

DIN No. 00227279

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 31st Annual General Meeting of the Company dated 23rd September 2017, 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)
	Ordinary Business:			
1.	Adoption, of Financial statements for the year ended 31 March 2017 and the Directors' and Auditors' Report thereon			
2.	To declare dividend			
3.	Re-appointment of Mr. Vishwanath L. Agarwal as Director, who retires by rotation			
4.	Appointment of M/s. Kanu Doshi Associates LLP, Chartered Accountants as Statutory Auditors and fixing their remuneration.			
	Special Business:			
5.	Appointment of M/s Y. R. Doshi & Co., Cost Accountant as Cost Auditors and fixing their remuneration.			
6.	Change of the address for keeping the Register of Members of the Company			

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 22nd September 2017 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 22nd September, 2017. 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 31st Annual General Meeting of the Company on Saturday, 23rd September, 2017 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

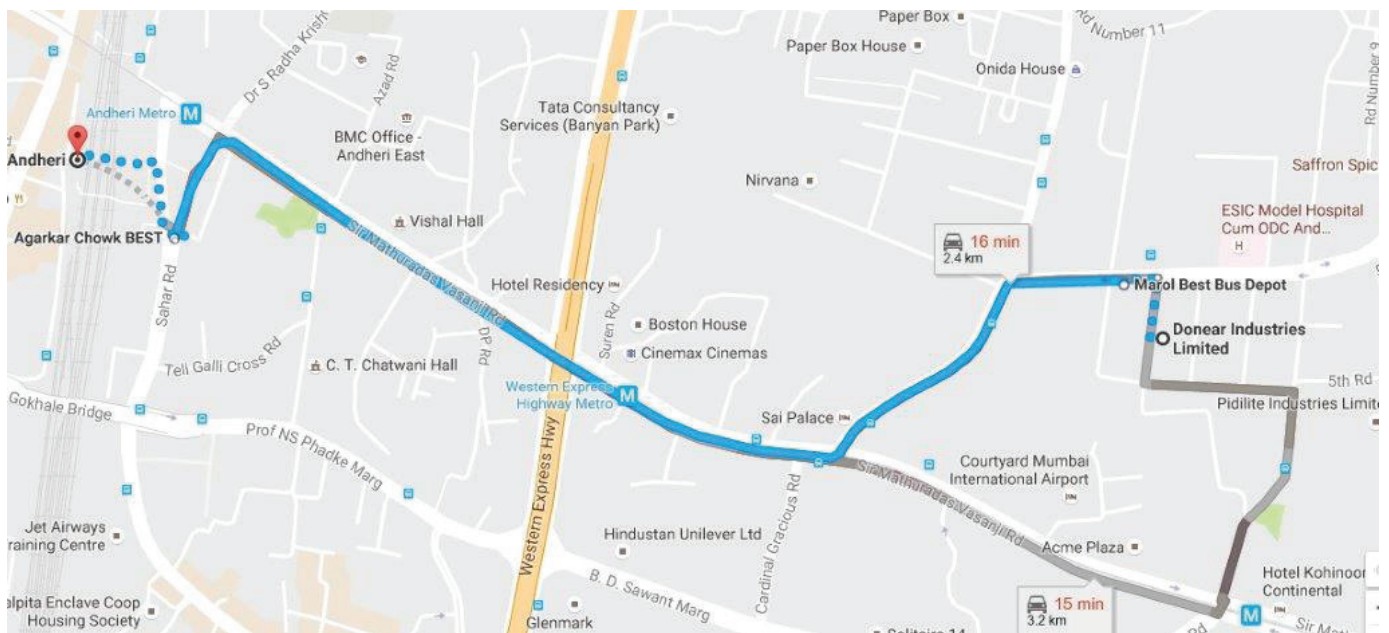
*Strike out whichever is not applicable

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 LIMITED

CIN: L99999MH1987PLC042076

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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)	<hr/> <hr/> <hr/>
Registered Address	<hr/>
E-mail ID	<hr/>
Folio No. or DP ID	<hr/>

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 31st Annual General Meeting of the Company, to be held on **Saturday, 23rd September, 2017 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 st March 2017 and the Directors and Auditors Reports thereon
❖ To declare dividend
❖ Re-appointment of Mr. Vishwanath L. Agarwal as Director liable to retire by rotation.
❖ Appointment of M/s. Kanu Doshi Associates LLP , as Statutory Auditors of the Company.
❖ Appointment of M/s. Y. R. Doshi & Co., as Cost Auditor of the Company.
❖ Change of the address for keeping the Register of Members of the Company.

Signed this _____ day _____ 2017

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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DONEAR INDUSTRIES LTD.

NOTES

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The
simple
joy
of
wearing
cotton



SUITING



SHIRTING

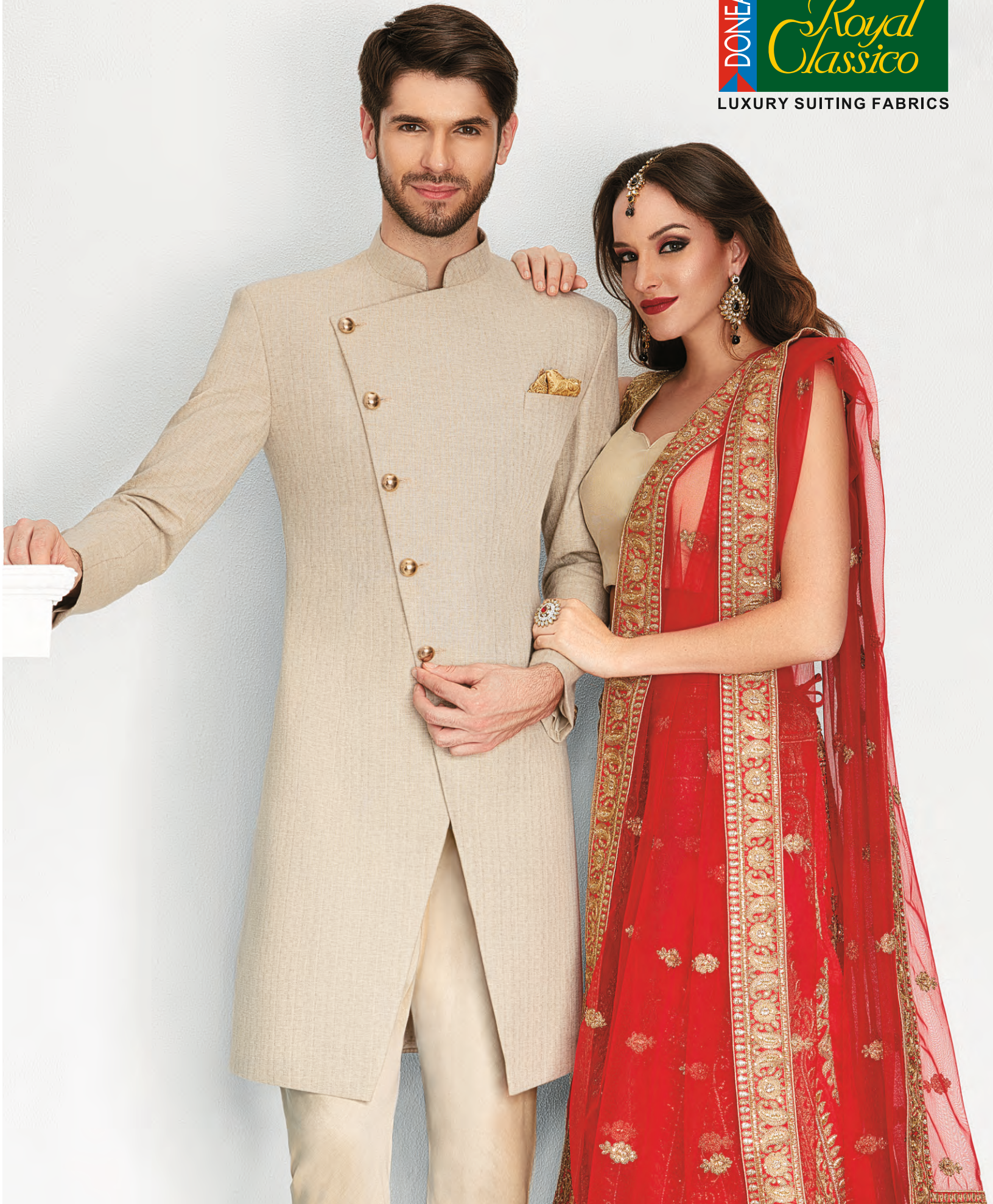


DONEAR[®] NXG

Next Generation APPARELS

self
MADE





www.donear.com



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