



36th
ANNUAL REPORT
&
ACCOUNTS
2017 - 2018

DEEPAK SPINNERS LIMITED



DEEPAK SPINNERS LIMITED

Corporate Identity Number (CIN) – L17111HP1982PLC016465

Board of Directors

Shri Pradip Kumar Daga, *Chairman & Managing Director*
Shri Yashwant Kumar Daga
Shri Pradeep Kumar Drolia
Smt. Nilu Agrawal
Shri Binod Kumar Agrawal

Notice for Annual General Meeting is being sent separately through Speed Post / Registered Post as required under the Companies Act, 2013 and Rules made there under.

Administrative Office

SCO 16, II Floor, Sector 26,
Madhya Marg, Chandigarh – 160019.

Shri S. B. Sharda, *President & Chief Financial Officer*
Shri R. A. Sharma, *Vice President (Purchase)*
Shri M. S. Shekhawat, *Vice President (Sales)*
Shri P. C. Sharma, *Asst. Vice President (Accounts)*

Baddi Works

121, Industrial Area, Baddi
Tehsil Nalagarh, Dist. Solan
Himachal Pradesh – 173205

Shri Sudesh Tiwari, *Sr. Vice President (Works)*
Shri S. K. Thakur, *Sr. Vice President (Engineering)*

Guna Works

Village : Pagara
Tehsil & Distt. Guna
Madhya Pradesh

Shri H. S. Sharma, *Vice President (Technical)*
Shri R. O. Sharma, *Vice President (Personnel & Administration)*

Company Secretary

Smt. Puneeta Arora

Bankers

State Bank of India

Auditors

Messrs. Jitendra K. Agrawal & Associates.
Chartered Accountants
New Delhi.

Registered office

121, Industrial Area, Baddi
Tehsil Nalagarh, Distt, Solan
Himachal Pradesh – 173205

Corporate Office

16, Hare Street,
Kolkata – 700001

BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased to present their Report together with the Audited Financial Statements for the year ended 31st March 2018.

1. FINANCIAL RESULTS	(₹ in Lacs)
Profit before Depreciation & Tax	2312.92
Less : Depreciation	1645.18
Provision for Tax	
- Current year	136.15
- Deferred Tax	(38.86)
Add : Other Comprehensive Income	30.17
Net Profit	600.62
Transfers and Appropriations :	
Balance carried forward to	600.62
Reserves and Surplus	

The Ministry of Corporate Affairs (MCA) vide its notification dated 16.2.2015 had notified the Companies (Indian Accounting Standard) Rules, 2015. In pursuance of this notification, the Company has adopted Ind AS with effect from 1st April 2017 with a transition date of 1st April 2016. Accordingly, results for the year ended 31st March 2018 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act 2013.

2. Dividend

The Directors have not recommended any dividend.

3. General Review

The Company has maintained its Net Profit despite adverse market conditions in domestic and export markets and lower reported sales due to change in structure of indirect taxes.

During the year, modernization and complete renovation of boiler and cooling tower of power plant at Guna was completed to improve efficiency and to reduce operational costs. Upgradation of electricity supply at Baddi Unit of the Company from 11 KV to 66 KV, which was planned to be completed during 2017-18, could not be completed due to non-receipt of approval of the appropriate authority, and is expected to be completed during the current year.

In Guna, the construction of a colony for labourers will be completed by July 2018

to meet the accommodation requirement. Modernisation and upgradation programmes continue at both the units of the Company, to maintain competitiveness and achieve better quality. Stringent cost control measures remain in place in all possible areas and are regularly reviewed. Special emphasis is being given to water and energy conservation. Subject to sufficient cash flows from operations, planned capital expenditure for modernization and upgradation will be implemented.

4. Internal Financial Control Systems

The Company has in place adequate Internal Financial Control System commensurate with the size, scale and nature of its operations. Such controls are periodically tested and no reportable material weakness in the operations has been observed. The Company has appropriate policies and procedures for ensuring orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information. Internal Audit is conducted by independent Chartered Accountants, on quarterly basis. To maintain its objectivity and independence, the Internal Auditors report directly to the Audit Committee of the Board. Based on the reports, the corrective actions are taken and the controls strengthened.

5. Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the members of the Company in its 35th Annual General Meeting held on 31st August 2017 approved appointment of M/s. Jitendra K Agrawal & Associates, Chartered Accountants (ICAI Registration no. 318086E) as the Statutory Auditors of the Company for an initial term of 5 consecutive years from the conclusion of 35th Annual General Meeting till the conclusion of 40th Annual General Meeting of the Company.

The aforesaid appointment of the statutory auditors for a term of 5 years was made subject to the ratification of such appointment at every subsequent Annual General Meeting during their

tenure. However, as per the notification dated 7th May 2018, issued by Ministry of Corporate Affairs, the appointment of Statutory Auditors, is no more required to be ratified by members of the Company in every Annual General Meeting.

6. Auditors' Report

The Auditors' Report to the Shareholders does not contain any reservation, qualification or adverse remark. During the year under review, the Auditors have not reported any matter under Section 143(12) of the Companies Act, 2013, therefore, no detail is required to be disclosed under Section 134(3)(ca) of the Act.

7. Secretarial Audit

Pursuant to Section 204 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit was carried out by M/s. A. Arora & Co., Company Secretaries (PCS Registration no. 993) for the financial year 2017-18. The Secretarial Audit Report is annexed as 'Annexure – I', to this Report.

There has been no qualification, reservation or adverse remark or disclaimer in the report. During the year under review, the Auditors have not reported any matter under Section 143(12) of the Companies Act, 2013, therefore, no detail is required to be disclosed under Section 134(3) (ca) of the Act.

8. Cost Audit

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost records maintained by the Company in respect of its manufacturing activities, are required to be audited.

The Board of Directors have, on the recommendation of the Audit Committee, appointed, M/s Shakti K. & Associates, Cost Accountants (ICWAI Registration no. 11338), as Cost Auditors of the Company, to carry out cost audit of the products manufactured by the Company for the year 2018-19. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed there under.

The remuneration of the Cost Auditor has been approved by the Board of Directors on the recommendation of Audit Committee. As required under the Companies Act, 2013, The remuneration payable to the Cost Auditor is

required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to M/s. Shakti K. & Associates, Cost Auditors is included in the Notice convening the 36th Annual General Meeting.

9. Directors and Key Managerial Personnel :

a) i) Pursuant to Section 152 of Companies Act, 2013 and Articles of Association of the Company, Shri Yashwant Kumar Daga (DIN 00040632), retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment. The brief resume and other details as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) are provided in the Notice of the 36th Annual General Meeting.

(ii) There were no changes in Key Managerial Personnel of the Company.

b) Statement on declaration given by Independent Directors

Declarations have been received from all Independent Directors confirming that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act 2013 and Listing Regulations.

c) Meetings

During the year, four Board Meetings and four Audit Committee meetings were convened and held, the details of which are given in the Corporate Governance Report.

d) Board Evaluation

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Board has carried out an annual evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its various Committees. All the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail by the Board of Directors.

A structured questionnaire for evaluation of the Board and its various Committees and individual Directors was prepared and recommended to the Board by the

Nomination & Remuneration Committee for doing the required evaluation, after taking into consideration the inputs received from the Directors, covering various aspects of the Board's functioning.

A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. The performance evaluation of the Chairman and non-independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

10. Directors' Responsibility Statement

In terms of the provisions of Section 134(5) of the Companies Act, 2013, your Directors confirm as under –

- a) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the Directors had prepared the annual accounts on a going concern basis; and
- e) That the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) That the Directors had devised proper systems to ensure compliance with the

provisions of all applicable laws and that such systems were adequate and operating effectively.

11. Corporate Social Responsibility –

In accordance with the requirements of Section 135 of the Companies Act, 2013, the Company has a Corporate Social Responsibility Committee, the terms of reference and other details of which are provided in the Corporate Governance Report. The CSR Policy has been framed and posted on the website of the Company, www.dsl-india.com.

As required by Section 134(3)(o) of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, Annual Report on CSR activities is annexed as 'Annexure – II' to form part of this report.

12. Vigil Mechanism

The Company has adopted a Vigil Mechanism for Directors and employees of the Company to report concerns of any fraud, mismanagement, negligence, violations of legal or regulatory requirement on a confidential basis to the Vigil Officer or the Audit Committee as the case may be. The policy of Vigil Mechanism is an internal policy, to make protected disclosures in good faith and to raise concerns to be appropriately dealt with.

It also provides for adequate safeguards against the victimization of employees who avail of the mechanism. Complaints received by Vigil Officer are investigated by the Vigil Officer and a report thereon is submitted to the Audit Committee. It is affirmed that no person was denied access to the Vigil Officer and the Audit Committee; and no complaints were received during the financial year 2017-18. To ensure that this mechanism is adhered to and to assure that the concern will be acted upon seriously, the Company:

1. ensures that the Complainant and/or the person processing the Protected Disclosure is not victimized for doing so;
2. ensures complete confidentiality;
3. takes disciplinary action, if any one destroys or conceals evidence of the Protected Disclosure made/to be made;
4. provides an opportunity of being heard to the persons against whom the complaint is received.

The Policy on Vigil Mechanism is also posted on the website of the Company.

13. Risk Management Policy

The Company has an efficient Risk Management framework to identify and evaluate business risks and opportunities. The Audit Committee has been delegated the responsibility for monitoring and reviewing risk management, assessment and minimization procedures. On the recommendations of Audit Committee, Board of Directors has formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day operations of the Company. The Company has adequate internal control systems and procedures to combat risks. The risk management procedures are reviewed by the Audit Committee and the Board of Directors on a quarterly basis at the time of review of the quarterly financial results of the Company.

14. Nomination and Remuneration Policy

The Board has on the recommendations of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, KMP and Senior Management and their remuneration. The details of Company's Remuneration Policy are attached as 'Annexure-III' and forms part of this report of the Board of Directors.

15. Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length pricing basis and were in the ordinary course of business and do not attract the provisions of Section 188 of the Companies Act, 2013.

There were no materially significant transactions with related parties during the financial year which were in conflict with the interest of the Company and hence, enclosing of Form AOC 2 is not required. Suitable disclosures as required by the Accounting Standard (Ind AS - 24) has been made in the notes to the Financial Statements.

All related party transactions are placed before the Audit Committee and also before the Board for approval. Prior omnibus approval of the Audit Committee is obtained on yearly basis for transactions which are of foreseen and repetitive nature for a period of one year. The transactions entered into pursuant to the omnibus approval so granted are placed before the Audit Committee on a quarterly basis.

The Policy on Related Party Transactions, as approved by the Board is uploaded on the Company's website. None of the Directors has

any pecuniary relationship or transaction vis-à-vis the Company.

16. Disclosures regarding Employees

- a) The Statement of Details of Remuneration as required under Section 197 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as 'Annexure – IV' and forms a part of this Board's Report.
- b) The information required under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of this report is given in separate annexure to this Report.

The said annexure is not being sent along with this Report to the Members of the Company in line with the provisions of Section 136 of the Companies Act, 2013. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company. The aforesaid annexure is also available for inspection by the Members at the Registered office of the Company, twenty one days before the 36th Annual General Meeting and up to the date of the said Annual General Meeting during the business hours on working days.

- c) No employee, by himself or along with his spouse and dependent children holds 2% or more of the equity shares of the Company.
- d) The Company has not received any complaint under 'The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013, during the year.

17. Public Deposits

During the year, the Company has neither accepted nor renewed any deposits from the public and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

18. Loans, Guarantees and Investments

The Company has not given loans, directly or indirectly to any person or other body corporate or given guarantee or provided any security in connection with a loan to any other body corporate or person. The Company has also not made any investments as per the provisions of Section 186 of the Companies Act, 2013.

19. Corporate Governance

A report on Corporate Governance and Management Discussion and Analysis as required under Regulation 34 of SEBI(Listing Obligations and Disclosure Requirements)Regulations, 2015 ('Listing Regulations') is annexed herewith. Compliance Certificate issued by Statutory Auditors of the Company, regarding compliance of Corporate Governance is also annexed.

20. Extract of Annual Return

The extract of annual return in Form MGT-9 as per the provisions of Section 92 of the Companies Act 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed with this report as 'Annexure – V'.

21. Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo.

As required by Section 134(3)(m) of the Companies Act, 2013 and Rule 8(3) of the Companies (Accounts) Rules, 2014, information with regard to Conservation of energy, technology absorption and foreign exchange earnings and outgo are annexed as 'Annexure – VI' to form part of this report.

22. Significant and material orders passed by the regulators or courts

There are no significant material orders passed by the regulators / courts which would impact the going concern status of the Company and its future operations.

23. Compliance with Secretarial Standards on Board and General Meetings

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

24. Acknowledgement

We express our sincere appreciation and thank our valued shareholders, customers, Bankers, stakeholders, business associates, Central and State Governments and district level authorities for their continued support and encouragement to the Company. We are pleased to record our appreciation of the sincere and dedicated services rendered by the employees and workmen of the Company at all levels.

Place : Kolkata
Date : 28.05.2018

P. K. DAGA
Chairman and Managing Director
(DIN: 00040692)

YASHWANT KUMAR DAGA
(DIN: 00040632)
P. K. DROLIA
(DIN: 00291966)
NILU AGRAWAL
(DIN: 03107052)
BINOD KUMAR AGRAWAL
(DIN: 00515967)

Directors

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. Even today, textile sector is one of the largest contributors to India's exports with approximately 13 percent of total exports. The Indian textile industry remains the second largest employment generating sector contributing about 5% to India's Gross Domestic Product (GDP) with 10% to overall Index of Industrial Production (IIP).

India is the second largest exporter of textiles products after China, but our share in the global market is only 5% as compared to China which is 35%. Other Asian players such as Vietnam and Bangladesh have grown to similar levels as India in less than 5 years.

The present consumption of global man-made fibre (MMF) textiles is about 70% of the fibre usage with China having a share of over 80% of MMF. Compared to this India has only 47% of its consumption coming from MMF. Globally, apparels account for only 58% of MMF consumption while the rest is consumed for more high end value added home textile and technical textile applications. In India, only 25% of its MMF usage is going for high end applications. India needs to enhance the share of non-clothing applications of MMF.

OPPORTUNITY AND THREATS

Chinese export growth has been slowing gradually, owing to rising labour costs. Also, recently strong yuan against dollar has made exports from China less lucrative. In its effort to curtail unsustainable investments, China is in the process shifting its production capabilities from commodity base to specialty base. All these factors impact the growth of textile industry in China, which opens up space for other players in the market. India can take advantage by boosting its exports by about 15-20% to US and European Union. India is competitively positioned in terms of low labour and power cost against most of the competing countries. However, lack of duty free access to major markets is the major disadvantage India has vis-à-vis many competing countries.

Given the potential of the textile industry, the Government of India has provided an outlay of Rs. 7148 crores for the textile sector in the financial year 2018-19. Funds allocations under Amended Technology Upgradation Fund Scheme (ATUFS), Refund of State Levies (ROSL) and Interest

Equalisation Scheme have been increased for F.Y. 2018-19.

In spite of government initiatives to promote Foreign Direct Investment (FDI) in textile sector, the sector has attracted only 0.7% of the total FDI in past 15 years. Complex labour laws, difficulty in starting up a business, highly fragmented structure of the industry, few trade agreements and poor infrastructure are the main hindrances in this matter.

According to a study by World bank, India lags severely on global buyers' perception about quality, lead time and reliability when compared to other Asian players as China, Vietnam, Bangladesh, Cambodia and Indonesia. Lack of investment in research and development, lowering margins due to fierce competition and e-commerce, and volatile raw material prices may pose a threat to progress of textile industry.

SEGMENTAL REVIEW AND ANALYSIS

Your Company continues to operate in one segment only – synthetic yarn. The past year saw your company deal with two significant yet necessary structural changes to the economy – GST & and the lingering effects of demonetization. Though the negative effects of demonetization reduced in FY 2017, they were still felt in cash dominated markets in which your company has a sizeable exposure. However, GST has proven to be a bigger challenge due to the inverted duty structure with no provision for utilization of input tax credit (at the fabric end of the value chain). This led to a sharp rise in working capital requirements and a consequent slowdown in sales. Imports became cheaper due to abolition of Countervailing Duty (CVD) & Special Additional Duty (SAD) since the effective duty post GST was lower. The GST council has reduced the difference and increased import duty on some items, resulting in a mildly positive situation.

Your company decided to modify its existing captive power plant to reduce operating costs & frequent breakdowns as well as to increase equipment life. It led to a 60 day shutdown followed by a 30 day post modification stabilization phase. Your management is hopeful of accruing benefits in the following year.

Your company's production continues to be sustained at satisfactory levels. A reduction in breakdowns in the power plant due a modification mentioned above will help your company in maintaining such levels of output.

OUTLOOK

India's growing population, is a key driver of consumption growth of textiles in the country. It has been complemented by a growing young earning population which is exposed to changing tastes and fashion. Complementing this factor is rising female workforce with higher purchasing power. Rising incomes in rural as well as urban economy has also given way to increase in demand for garments and home textiles. More and more demand for fitness apparel, short fashion cycles, requirement of low cost and high performance material for automotive and industrial use have increased the demand for synthetic and MMF products.

Limited cotton production, relatively high cotton prices and versatile applications of MMF are other contributors to increase in demand for MMF textiles. Also downward revision in GST rates from 18% to 12% in October 2017 and increase in import duties on various MMF fabrics has made the MMF products more cost effective. Under Merchandise Export from India Scheme (MEIS), the Government has enhanced the export incentives to 4% from 2% for garment and made up sector.

RISKS AND CONCERNS

MMF yarn and MMF fabric are largely affected by cheaper imports from China, Indonesia, Thailand and North Korea where MMF industry is subsidized substantially to make their products cheaper.

The Indian MMF products are 5% to 8% more expensive in International markets as compared to East Asian countries. This is mainly because of multi-level taxes that are not fully rebated and high interest rates on the loans. The accumulated credit under GST from raw materials and capital goods investments are affecting the industry.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company's internal control systems and procedures commensurate with the size and nature of its operations. These systems are designed to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized, recorded and reported.

In addition to Statutory Audit, Internal Audit at various locations is conducted by independent Chartered Accountants, on a quarterly basis to examine, in addition to the financial controls, the adequacy and compliance with policies, plans and statutory requirements. Internal Auditors report their findings to the Audit Committee of the Board.

The Audit Committee is headed by an Independent Director and this ensures independence of functions and transparency of the process of supervision. The Committee meets on a regular basis to review the process. The management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit Committee of the Board of Directors.

FINANCIAL PERFORMANCE

The report of the Board of Directors may be referred to for financial performance.

HUMAN RESOURCES

The employees on roll in the Company as on 31st March 2018 were 2747.

Management recognizes that employees represent our greatest capital assets and it is only through motivated, creative and committed employees that we can achieve our aims. The Company provides to its employees favourable work environment that motivates performance and innovation while adhering to high degree of quality and integrity. Assignment, empowerment and accountability is the cornerstone of all the people led processes. The Company continuously nurtures this environment to keep its employees highly motivated and result oriented.

Industrial relations during the year continued to be cordial and the Company is committed to maintain good industrial relations through effective communication. Customized training programs are conducted on a continuing basis.

CAUTIONARY STATEMENT

Statements in this Management Discussions and Analysis Report describing the Company objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable security laws or regulations. These statements are based on reasonable assumptions and expectations of future events. Actual results could however, differ materially from those expressed or implied. Factors that could make a difference to the Company's operations include market price both domestic and overseas availability and cost of raw materials, change in Government regulations and tax structure, economic conditions affecting demand / supplies and other factors over which the Company does not have any control. The Company takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in future.

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

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

To,
The Members,
Deepak Spinners Limited
#121, Industrial Area, Baddi
Tehsil: Nalagarh, Dist: Solan
Himachal Pradesh.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DEEPAK SPINNERS LIMITED (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 DEEPAK SPINNERS LIMITED'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 March 31, 2018 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 DEEPAK SPINNERS LIMITED ("the Company") for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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 and The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2013.
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the amendments thereof: Not Applicable, as none of the securities of the company were delisted during the audit period.
- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not applicable as the company has not issued any securities during the financial year under review.
- e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014- Not Applicable as the company has not provided any share based benefits to the employees during the year.
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and Chapter V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Not applicable as the company has not issued any debt securities during the financial year under review.
- g) 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- Not applicable as the company is not registered

as Registrar to an Issue and Share Transfer Agent during the financial year under review.

- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- Not applicable as the company has not bought back any of its securities during the financial year under review.
- (vi) The major provisions and requirements have also been complied with as prescribed under all applicable Labour laws viz. The Factories Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965, Industrial Dispute Act, 1947, Employee State Insurance Act, 1948, The Employee's Provident Fund and Miscellaneous Provisions Act, 1952, The Payment of Gratuity Act, 1972, The Industrial Employment (Standing Order) Act, 1946, The Employment Exchange (Compulsory Notification of Vacancies) Act, 1956.
- (vii) Environment Protection Act, 1986 and other environmental laws.
- (viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.
- (ix) The Air(Prevention and Control of Pollution) Act, 1981
- (x) The Water (Prevention and Control of Pollution) Act, 1974

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

- a) Secretarial Standards issued by The Institute of Company Secretaries of India.
- b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, being listed on BSE Limited;

During the period under review the Company has complied with the provisions of the act, rules, regulations, guidelines, standards, etc. mentioned above.

Based on our examination and the information received and records maintained, I further report that:

1. 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.

2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent well 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.
3. All decision is carried through majority while the dissenting members' views, if any, are captured and recorded as part of the minutes.
4. The company has proper board processes.

Based on the compliance mechanism established by the company and on the basis of the compliance certificate(s) issued by the Company Secretary/ Officers, I am of an opinion that:

1. 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.
2. On examination of the relevant documents and records, on test check basis, the company has complied with the following laws specifically applicable to the company:
 - a. The Indian Electricity Act, 2003 and Indian Electricity Rules, 2005.
 - b. The Boilers Act, 1923

Apart from the business stated above, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

For A. ARORA & COMPANY

AJAY K. ARORA
Proprietor
 FCS No. 2191
 C P No. : 993

Place : Chandigarh
 Date : 28.05.2018

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the 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.

Pursuant to Section 135 of the Companies Act, 2013 and rules framed there under, the Company has formulated a Corporate Social Responsibility (CSR) Policy. The CSR Policy relates to the activities to be undertaken by the Company as specified in Schedule VII of the Act and the expenditure thereon and focuses on addressing critical social, environmental and economic needs of the weaker sections of the society.

CSR Policy can be perused on the following website :

http://www.dsl-india.com/wp-content/uploads/2014/09/csr_policy.pdf

The Composition of the CSR Committee:

Sr. No.	Name of the Member	Category
1.	Shri Yashwant Kumar Daga (Chairman)	Non-Executive
2.	Shri Pradeep Kumar Drolia	Non-Executive Independent
3.	Shri Binod Kumar Agrawal	Non-Executive Independent

2. Average net profit of the Company for last three financial years as per Section 198 of the Companies Act, 2013

Year		Profit / Loss (-) (₹ In Lakhs)
2014-15	:	966.57
2015-16	:	2164.69
2016-17	:	848.44
Total	:	3979.70
Average Net Profits	:	1326.57

3. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

₹ 26.53 Lakhs (being 2% of the average net profits as stated in item 3 above)

4. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year: ₹ 26.53 Lakhs

(b) Amount unspent, if any: ₹ 21.53 Lakhs

(c) Manner in which the amount spent during the financial year is detailed below :

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	Cumulative expenditure upto to the reporting period (₹)	Amount spent : Direct or through implementing agency
1.	Contribution to Construction cost of Cow shed	Animal Welfare	Construction of 'Kamdhenu Goshala' at Sodepur (West Bengal)	5,00,000	5,00,000	5,00,000	Amount paid to Calcutta Pinjrapole Society, Calcutta
	TOTAL				5,00,000		

5. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

The Company is in the process of identifying the suitable projects and stepping up efforts to increase its expenditure on CSR activities.

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

The implementation and monitoring of Corporate Social Responsibility Policy is in compliance with the CSR objectives and Policy of the Company.

P. K. Daga
(Chairman and Managing Director)
(DIN: 00040692)

Yashwant Kumar Daga
(Chairman CSR Committee)
(DIN: 00040632)

Date : 28.05.2018
Place : Kolkata

EXTRACT FROM NOMINATION AND REMUNERATION POLICY**Objective and Purpose of the Policy:**

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company’s size and financial position and trends and practices on remuneration prevailing in peer companies, in the textile industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward, linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Applicability:

The Policy is applicable to Directors (Executive and Non Executive), Key Managerial Personnel (KMP) and Senior Management Personnel.

Matters To Be Dealt With, Perused And Recommended To The Board By The Nomination and Remuneration Committee:

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Carry out the evaluation of performance of Directors, KMP and Senior Management Personnel and recommend to the Board, their appointment and removal.
- Recommend to the Board, a policy relating to remuneration for the directors, KMP and other employees and recommend to the Board, amendments to such policy as and when required.

Guiding Principles For Appointment And Removal Of Director, KMP And Senior

- Remuneration policy and arrangements for Directors, KMPs and Senior Management Personnel, shall be determined by the Committee on the basis of Company’s financial position, pay and employment conditions prevailing in peer companies or elsewhere in competitive market to ensure that the remuneration and the other terms of employment shall be competitive to ensure that the Company can attract, retain and motivate competent executives.
- Remuneration packages may be composed of fixed and incentive pay depending on short and long term performance objectives appropriate to the working of the Company.
- The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

Remuneration of the Whole-Time Directors, Directors, KMP And Senior Management Personnel

1. The remuneration / compensation / commission etc. to the Whole-time Directors and Directors will be determined by the Committee. It shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company, the Companies Act, 2013, the rules made there under and the Listing Agreement with Stock Exchanges as amended from time to time. The Committee shall recommend the remuneration / compensation / commission etc. to be paid to the Whole-time Director and Directors to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
 2. Increments to the existing remuneration / compensation structure of Whole time Director and Directors may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders.
 3. The Non- Executive / Independent Directors may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.
 4. Commission to Non-executive Directors may be paid within the monetary limit approved by shareholders, as per the applicable provisions of the Companies Act, 2013.
 5. The remuneration / compensation / commission etc. to the KMP and Senior Management Personnel will be determined based on the Company's financial position, trends and practices on remuneration prevailing in peer companies, in the textile industry and performance of such KMP and Senior Management Personnel.
 6. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.
 7. An Independent Director shall not be entitled to any stock option of the Company.
-

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- i) **The ratio of the remuneration of each director to the median remuneration of the employee of the company for the financial year 2017-18**

Sr. No.	Name of Director	Remuneration of Director for financial year 2017-18 (₹ In Lacs)	Ratio of remuneration of each Director to median remuneration of employees
1.	Shri Pradip Kumar Daga, <i>Chairman and Managing Director</i>	77.03	89.70 : 1
2.	Shri Yashwant Kumar Daga	3.05	3.55 : 1
3.	Shri Vikram Prakash	2.45	2.85 : 1
4.	Shri Pradeep Kumar Drolia	3.33	3.87 : 1
5.	Smt. Nilu Agrawal	2.65	3.09 : 1
6.	Shri Binod Kumar Agrawal	1.03	1.19:1

- ii) **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.**

Directors - there was no increase in their remuneration.

Key Managerial Personnel - Increase in remuneration of Shri S. B. Sharda, Chief Financial Officer was 8% and in case of Smt. Puneeta Arora, Company Secretary it was 9.6% .

Increase in remuneration of Shri Pradip Kumar Daga, Chairman and Managing Director was 46%. However, it is to be noted that during the previous year, Shri Pradip Kumar Daga, Chairman and Managing Director of the Company had received remuneration for only 9 months.

- iii) There was an increase of 4.68% in the median remuneration of employees in the financial year 2017-18
- iv) There were 2747 number of permanent employees on the roll of the Company as on 31.03.2018.
- v) **Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

Average salary increase of employees other than Key Managerial Personnel in the last financial year, i.e. 2017-18 was about 9%. Average increase in the remuneration of Key Managerial Personnel was about 21%. The increase in remuneration was given on the basis of individual performance of the concerned employee taking into account the inflation. There are, no exceptional circumstances for increase in managerial remuneration. Shri Pradip Kumar Daga, Chairman and Managing Director of the Company had received remuneration for only 9 months during the previous year.

- vi) **The key parameters for any variable component of remuneration availed by the Directors.**

The Non-executive Directors are paid commission. The amount of commission is decided by the Board of Directors, considering the performance of the Company, at a rate not exceeding 1% of the net profits of the Company calculated in accordance with the relevant provisions of the Act and other applicable laws in a financial year.

- vii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy of the Company.

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31st March 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L17111HP1982PLC016465
ii)	Registration Date	25th March 1982
iii)	Name of the Company	DEEPAK SPINNERS LIMITED
iv)	Category / Sub-Category of the Company	Public Limited Company
v)	Address of the Registered office and contact details	121, Industrial Area, Baddi, Tehsil Nalagarh, District Solan 173205 (Himachal Pradesh) Telephone nos. 0172 2790973, 2790974, Fax – 0172 2790977 Website: www.dsl-india.com Email: share@dsl-india.com
vi)	Whether Listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s MAHESHWARI DATAMATICS PRIVATE LIMITED 23, R.N Mukherjee Road, 5th Floor Kolkata - 700001. Telephone : (033)22435029, (033)22433809 (033) 22482248 e-mail : mdpldc@yahoo.com

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:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Synthetic Yarn	5509-10	99.84

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding / Subsidiary/ Associate	%ge of shares held	Applicable Section
The Company does not have any holding, subsidiary or associate company.					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i) Category-wise Share Holding

Category of Shareholders	No of Shares held at the beginning of the year [As on 01-April-2017]				No of Shares held at the end of the year [As on 31-March-2018]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1272638	–	1272638	17.702	1302545	–	1302545	18.118	0.416
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	1746599	–	1746599	24.294	1746599	–	1746599	24.294	0.000
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	3019237	–	3019237	41.996	3049144	–	3049144	42.412	0.416
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any other	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	3019237	–	3019237	41.996	3049144	–	3049144	42.412	0.416
B. Public Shareholding									
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	5400	5400	0.075	–	5400	5400	0.075	0.000
b) Banks/FI	319210	570	319780	4.448	319210	570	319780	4.448	0.000
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	3700	–	3700	0.052	3700	–	3700	0.052	0.000
g) FIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total(B)(1):-	322910	5970	328880	4.575	322910	5970	328880	4.575	0.000

Category of Shareholders	No of Shares held at the beginning of the year [As on 01-April-2017]				No of Shares held at the end of the year [As on 31-March-2018]				% change during the Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	301498	8361	309859	4.310	208932	8361	217293	3.022	-1.288
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1164762	578321	1743083	24.245	1200085	564592	1764677	24.546	0.300
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1635008	–	1635008	22.742	1666590	–	1666590	23.181	0.439
c) Others (Specify)									
Non Resident Indians	36870	101240	138110	1.921	34420	99810	134230	1.867	-0.054
Qualified Foreign Investor	–	–	–	–	–	–	–	–	–
Custodian of Enemy Property	–	–	–	–	–	–	–	–	–
Foreign Nationals	100	–	100	0.001	100	–	100	0.001	0.000
Clearing Members	15091	–	15091	0.210	27454	–	27454	0.382	0.172
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies-D R	–	–	–	–	–	–	–	–	–
NBFCs registered with RBI	–	–	–	–	1000	–	1000	0.014	0.014
Sub-total(B)(2):-	3153329	687922	3841251	53.430	3138581	672763	3811344	53.014	-0.416
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3476239	693892	4170131	58.004	3461491	678733	4140224	57.588	-0.416
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	6495476	693892	7189368	100.000	6510635	678733	7189368	100.000	0.000

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the Year (As on 01 April 2017)			Shareholding at the end of the Year (As on 31 March 2018)			% change in share holding 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	Mangalam Engineering Projects Limited	869429	12.093	0.000	869429	12.093	0.000	0.000
2	Pradip Kumar Daga	404174	5.622	0.000	404174	5.622	0.000	0.000
3	Pradip Kumar Daga (As partner of M/s. Bansidhar Daga & Co)	103805	1.444	0.000	103805	1.444	0.000	0.000
4	Contransys Private Limited	402100	5.593	0.000	402100	5.593	0.000	0.000
5	Jalpaiguri Holdings Private Limited	400070	5.565	0.000	400070	5.565	0.000	0.000
6	Asha Devi Daga	376047	5.231	0.000	386428	5.375	0.000	0.144
7	Yashwant Kumar Daga	223425	3.108	0.000	223425	3.108	0.000	0.000
8	Coplama Products Private Limited	49500	0.689	0.000	49500	0.689	0.000	0.000
9	Shantanu Daga	29615	0.412	0.000	29615	0.412	0.000	0.000
10	Longview Tea Company Ltd	25500	0.355	0.000	25500	0.355	0.000	0.000
11	Yashwant Kumar Daga (HUF)	36000	0.501	0.000	36000	0.501	0.000	0.000
12	Nandini Daga	68350	0.951	0.000	77632	1.080	0.000	0.129
13	Pradip Kumar Daga (HUF)	31222	0.434	0.000	41466	0.577	0.000	0.143
	TOTAL	3019237	41.996	0.000	3049144	42.412	0.000	0.416

(iii) Change in Promoters' Shareholding

Sl No	Name	Shareholding at the beginning (01.04.2017) / end of the year (31.03.2018)		Date of change of shareholding	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Mangalam Engineering Projects Limited	869429	12.093	01.04.2017	0	--	869429	12.093
		869429	12.093	31.03.2018	0		869429	12.093
2	Pradip Kumar Daga	404174	5.622	01.04.2017	0		404174	5.622
		404174	5.622	31.03.2018	0		404174	5.622
3	Pradip Kumar Daga (As partner of M/s. Bansidhar Daga & Co)	103805	1.444	01.04.2017	0		103805	1.444
		103805	1.444	31.03.2018	0		103805	1.444
4	Contransys Private Limited	402100	5.593	01.04.2017	0		402100	5.593
		402100	5.593	31.03.2018	0		402100	5.593

Sl No	Name	Shareholding at the beginning (01.04.2017) / end of the year (31.03.2018)		Date of change of shareholding	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
5.	Jalpaiguri Holdings Private Limited	400070	5.565	01.04.2017	0		400070	5.565
		400070	5.565	31.03.2018	0		400070	5.565
6.	Asha Devi Daga	376047	5.231	01.04.2017	0		376047	5.231
				07.04.2017	+1830	Transfer	377877	5.256
				21.04.2017	+1400	Transfer	379277	5.276
				28.04.2017	+5676	Transfer	384953	5.355
				05.05.2017	+1475	Transfer	386428	5.375
		386428	5.375	31.03.2018	0		386428	5.375
7.	Yashwant Kumar Daga	223425	3.108	01.04.2017	0		223425	3.108
		223425	3.108	31.03.2018	0		223425	3.108
8.	Coplama Products Private Limited	49500	0.689	01.04.2017	0.00	–	49500	0.689
		49500	0.689	31.03.2018	0.00	–	49500	0.689
9.	Shantanu Daga	29615	0.412	01.04.2017	0		29615	0.412
		29615	0.412	31.03.2018	0		29615	0.412
10	Longview Tea Company Ltd	25500	0.355	01.04.2017	0		25500	0.355
		25500	0.355	31.03.2018	0		25500	0.355
11	Yashwant Kumar Daga (HUF)	36000	0.501	01.04.2017	0		36000	0.501
		36000	0.501	31.03.2018	0		36000	0.501
12	Nandini Daga	68350	0.951	01.04.2017	0		68350	0.951
				21.04.2017	+1591	Transfer	69941	0.973
				28.04.2017	+7191	Transfer	77132	1.073
				05.05.2017	+500	Transfer	77632	1.080
		77632	1.080	31.03.2018	0		77632	1.080
13	Pradip Kumar Daga (HUF)	31222	0.434	01.04.2017	0		31222	0.434
				28.04.2017	+8659	Transfer	39881	0.555
				05.05.2017	+66	Transfer	39947	0.556
				12.05.2017	+1519	Transfer	41466	0.577
		41466	0.577	31.03.2018	0		41466	0.577

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

Sl No	Name	Shareholding at the beginning (01.04.2017) / end of the year (31.03.2018)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	M P State Industrial Development Corporation Limited	319160	4.439	01.04.2017	0.00	--	319160	4.439
		319160	4.439	31.03.2018	0.00	--	319160	4.439
2	Kunj Bihari Kasat (H U F)	150000	2.086	01.04.2017	0.00		150000	2.086
		150000	2.086	31.03.2018	0.00		150000	2.086
3	Baldev Kumar Garg (HUF)	175079	2.435	01.04.2017	0		175079	2.435
				21.04.2017	+1000	Transfer	176079	2.449
				26.05.2017	-2189	Transfer	173890	2.419
				23.06.2017	-900	Transfer	172990	2.406
				21.07.2017	-1943	Transfer	171047	2.379
				18.08.2017	+14070	Transfer	185117	2.575
				01.09.2017	-500	Transfer	184617	2.568
				06.10.2017	3474	Transfer	188091	2.616
				27.10.2017	-2265	Transfer	185826	2.585
				03.11.2017	-1859	Transfer	183967	2.559
				17.11.2017	-1000	Transfer	182967	2.545
				24.11.2017	-195	Transfer	182772	2.542
				01.12.2017	-699	Transfer	182073	2.533
				08.12.2017	-2633	Transfer	179440	2.496
				15.12.2017	-2717	Transfer	176723	2.458
				22.12.2017	-1650	Transfer	175073	2.435
				29.12.2017	-2100	Transfer	172973	2.406
				05.01.2018	-2225	Transfer	170748	2.375
				12.01.2018	-12601	Transfer	158147	2.200
				16.02.2018	+10995	Transfer	169142	2.353
				09.03.2018	-1720	Transfer	167422	2.329
				30.03.2018	+3226	Transfer	170648	2.374
		170648	2.374	31.03.2018	0		170648	2.374
4.	Devyani Dharmesh Rathod	72922	1.014	01.04.2017	0		72922	1.014
		72922	1.014	31.03.2018	0		72922	1.014

Sl No	Name	Shareholding Shareholding at the beginning (01.04.2017) / end of the year (31.03.2018)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
5.	Baldev Kumar Garg	164659	2.290	01.04.2017	0		164659	2.290
				21.04.2017	+2827	Transfer	167486	2.330
				28.04.2017	+7502	Transfer	174988	2.434
				02.06.2017	+1251	Transfer	176239	2.451
				16.06.2017	-195	Transfer	176044	2.449
				28.07.2017	+692	Transfer	176736	2.458
				12.01.2018	-2000	Transfer	174736	2.431
		174736	2.431	31.03.2018	0		174736	2.431
6.	Santosh Garg	76656	1.066	01.04.2017	0		76656	1.066
				07.04.2017	+5372	Transfer	82028	1.141
				21.04.2017	+499	Transfer	82527	1.148
				30.06.2017	+1	Transfer	82528	1.148
				12.01.2018	-3725	Transfer	78803	1.096
		78803	1.096	31.03.2018	0		78803	1.096
7.	Priyanka	75888	1.056	01.04.2017	0		75888	1.056
		75888	1.056	31.03.2018	0		75888	1.056
8.	Ritesh Garg	82815	1.152	01.04.2016	0		82815	1.152
				21.04.2017	+600	Transfer	83415	1.160
				23.06.2017	+1553	Transfer	84968	1.182
				12.01.2018	-600	Transfer	84368	1.174
		84368	1.174	31.03.2018	0		84368	1.174
9.	Kastoor Chand Gupta#	55218	0.768	01.04.2017	0		55218	0.768
		55218	0.768	31.03.2018	0		55218	0.768
10.	Subramanian P	271500	3.776	01.04.2017	0		271500	3.776
				02.02.2018	+1000	Transfer	272500	3.790
				09.02.2018	+900	Transfer	273490	3.804
				23.02.2018	+3140	Transfer	276630	3.848
		276630	3.848	31.03.2018	0		276630	3.848

Sl No	Name	Shareholding at the beginning (01.04.2017) / end of the year (31.03.2018)		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.2017 to 31.03.2018)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
11.	Shekhar R. Athalye*	25565	0.356	01.04.2017	0		25565	0.356
				22.12.2017	+4180	Transfer	29745	0.414
				29.12.2017	+13169	Transfer	42914	0.597
				05.01.2018	+12632	Transfer	55546	0.773
				12.01.2018	+5058	Transfer	60604	0.843
				19.01.2018	+8584	Transfer	69188	0.962
		69188	0.962	31.03.2018			69188	0.962
*	Not in the list of top 10 shareholders as on 01.04.2017. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2018.							
#	Ceased to be in the list of Top 10 shareholders as on 31.03.2018. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01.04.2017.							

(v) Shareholding of Directors and key Managerial Personnel:

Sl No	For Each of the Directors and KMP	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
	At the beginning of the year	CFO and Company Secretary do not hold any shares in the Company.			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g allotment / transfer/ bonus/sweat equity etc):	The Independent Directors, Shri Pradeep Kumar Drolia, Shri Binod Kumar Agrawal and Smt. Nilu Agrawal do not hold any shares in the Company As regards Shri Pradip Kumar Daga and Shri Yashwant Kumar Daga, the details required under this section are provided under Clause IV (ii) of this form under 'Shareholding of Promoters'.			
	At the end of the year.				

V. INDEBTEDNESS

Indebtedness of the Company Including Interest outstanding / accrued but not due for payment.

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	14,992.70	–	–	14,992.70
ii) Interest due but not paid	115.39	–	–	115.39
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	15,108.09	–	–	15,108.09
Change in Indebtedness during the financial year				
i) Addition	–	–	–	–
ii) Reduction	2,207.68	–	–	2,207.68
Net Change Indebtedness at the end of the financial year				
i) Principal Amount	12,822.14	–	–	12,822.14
ii) Interest due but not paid	78.27	–	–	78.27
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	12,900.41	–	–	12,900.41

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director :

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Shri Pradip Kumar Daga	Total
		Chairman and Managing Director	
1.	Gross salary	68,64,000	68,64,000
	(a) Salary as per provisions contained in section 17(1) of the Income – tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income –tax Act, 1961	15,000	15,000
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission –as % of profit – others, specify	–	–
5.	Others , please specify Company's contribution to Provident Fund (exempted)	8,23,680	8,23,680
	Total	77,02,680	77,02,680

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount (₹)
		Shri Yashwant Kumar Daga	Shri Vikram Prakash	Shri Pradeep Kumar Drolia	Smt. Nilu Agrawal	Shri Binod Kumar Agrawal	
1.	Independent Directors						
	Fee for attending board / committee meetings	–	45,000	1,32,500	65,000	1,02,500	3,45,000
	Commission	–	2,00,000	2,00,000	2,00,000	–	6,00,000
	Total (1)	–	2,45,000	3,32,500	2,65,000	1,02,500	9,45,000
2.	Other Non-Executive Directors						
	Fee for attending board / committee meetings	1,05,000	–	–	–	–	1,05,000
	Commission	2,00,000	–	–	–	–	2,00,000
	Total (2)	3,05,000	–	–	–	–	3,05,000
	Total (B)=(1+2)	3,05,000	2,45,000	3,32,500	2,65,000	1,02,500	12,50,000
	Total Managerial Remuneration	–	–	–	–	–	89.53 Lakhs
	Overall Ceiling as per the Act	–	–	–	–	–	N.A.#

The shareholders had approved the remuneration of Shri P. K. Daga, Chairman and Managing Director on inadequate profit basis as per Schedule V of the Companies Act, 2013 in the Annual General Meeting held on 31st August 2017.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Company Secretary	CFO	
		Smt. Puneeta Arora	Shri S. B. Sharda	
1.	Gross salary	6,60,200	33,37,500	39,97,700
	(a) Salary as per provisions contained in section 17(1) of the Income – tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income –tax Act, 1961	91,920	3,40,440	4,32,360
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission –as % of profit – others, specify	–	–	–
5.	Others , please specify Company's contribution to Provident Fund (exempted)	21,600	2,65,860	2,87,460
	Total	7,73,720	39,43,800	47,17,520

V. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences under any section of the Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014.

1. CONSERVATION OF ENERGY

a) Steps taken or impact on conservation of energy –

i) Baddi Works

1. Installing New Plate Heat Exchanger for increasing the temperature of Soft Water for Dye House.
2. Installing New Kaeser Compressor to save the energy and to improve the quality of air.
3. Installing New High Speed and high efficiency Supply & Return Fans with motor to save energy and to improve the Relative Humidity & Temperature Quality in production sections at Unit No. 1.
4. Energy saved by the modification & reduced the Pump capacity of Dyeing Machine to improve the quality of dyeing.
5. Replacement of Led Bulb in the street light in place of CFL lamp.
6. 28W LED Light replaced in place of 40w normal tube light in Guna Unit to save energy.
7. Arresting air leakages in plants machines to save compressed air resultant to save energy
8. AC Drives installed in boiler for energy saving...
9. Humidifier stopped in conditioning room for energy saving
10. Speed frames Over Head Blowers stopped in all plants for power saving

b) Steps taken by the Company for utilizing alternate sources of energy-

1. Thermal insulation work has been carried out in the Dye House Pipe lines and reserve water tanks of Reverse Osmosis (R.O.) water & Soft water which is feeding to the dye house after heat recovery.
2. Using the RO reject water for gardening resulting in saving of the water and energy.
3. Using the Acrylic sun light sheet in the godowns, work shop and dye house in day time as alternate source of lighting.
4. 40% of total energy requirements in Guna Unit is met by way of solar energy.

c) The Capital investment on energy conservation equipments.

1. 3 Yaskawa AC drives installed in Power Plant at Guna for energy conservation.
2. 3 Sheltronics Auto Levelers installed in Guna Plant Draw frame.

2. Technology Absorption

a) Efforts made towards technology absorption –

The Company absorbs and adapts the technologies on a continuous basis to meet its specific needs from time to time. To name a few, during the year –

1. Started using liquid wax to control flying of yarn.
2. New shades developed from dope dyed fibre, which is an energy saving & environmental friendly product directly procured as raw material. It has substituted the most polluting process of dyeing.
3. New technology developed for embroidery and sewing thread.

b) Benefits derived like product improvement, cost reduction, product development or import substitution-

- (i) Quality and productivity improvement.
- (ii) Cost Reduction.
- (iii) Improved safety measures and pollution control.
- (iv) Energy Conservation.

c) In the case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- i) The details of technology imported - Nil
- ii) The year of import - Nil
- iii) Whether the technology been fully absorbed - Nil
- iv) If not fully absorbed, areas where absorption has not taken place and the reasons thereof - Nil

d) The expenditure incurred on Research and Development (R & D) = - Nil

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Foreign Exchange earned in terms of actual inflows during the year and Foreign Exchange outgo during the year in terms of actual outflows.

(₹ In Lakhs)

Foreign Exchange earned (inflow)	3517.56
Foreign Exchange used (outflow)	63.05

REPORT ON CORPORATE GOVERNANCE

A Report pursuant to Regulation 34(3) read with of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations') in compliance with the Corporate Governance requirements is set out below.

1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company is committed to implement sound corporate governance practices with a view to promote transparency and to create value for consumers, shareholders employees and national economy. The Company's philosophy on the code of Corporate Governance is to ensure fair and transparent business practices, compliance of applicable statutes, effective management control and ethical and responsible conduct throughout the organization.

2) BOARD OF DIRECTORS

a) Composition of Board of Directors -

As on 31st March 2018, in compliance with the Listing Regulations, the Company's Board of Directors headed by Executive Chairman, Shri Pradip Kumar Daga, comprised 4 other Directors, out of which 3 are Independent Non-executive Directors, including a woman director. In compliance with Listing Regulations, 50% of the total number of Directors is Independent Directors.

The information with regard to Composition and attendance of Board of Directors in Board Meetings and the last Annual General Meeting, outside Directorships and other Memberships of Board Committees as on 31st March 2018 as applicable is given hereunder –

Director	DIN	Category	No. of Board Meetings attended	Attendance at the last AGM on 31.08.2018	*Number of Directorships in other Indian public limited companies	**Committee(s) positions in other Companies	
						As Member	As Chairman
Shri Pradip Kumar Daga (Chairman and Managing Director)	00040692	Promoter/ Executive	3	Yes	4	3	--
Shri Yashwant Kumar Daga	00040632	Promoter / Non-Executive	3	No	6	8	--
Shri Vikram Prakash #	00027732	Non-Executive Independent	1	No	--	--	
Shri Pradeep Kumar Drolia	00291966	Non-Executive Independent	4	No	2	--	---
Smt Nilu Agrawal	03107052	Non-Executive Independent	4	No	--	--	----
Shri Binod Kumar Agrawal	00515967	Non-Executive Independent	4	Yes	--	--	--

• Excludes Directorships in Private Limited Companies, Foreign companies and Section 8 Companies.

** Committee positions only of the Audit Committee and Stakeholders Relationship Committee have been considered.

Shri Vikram Prakash expired on 10th August 2017.

None of the Independent Directors of the Company serve as Independent Director in more than 7 listed companies and none of the Independent Directors is serving as Whole Time Director in any listed Company.

Membership of the Directors in various committees is within the permissible limits of the Listing Regulations. None of the Directors of the Company was a member of more than ten Board level Committees, or a Chairman of more than five such Committees across all listed companies, in which he was a Director.

All the Independent Directors have been issued letters of appointment as per Schedule IV to the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company.(weblink-http://www.dsl-india.com/wp-content/uploads/2014/10/Term_Cond_App_Ind_Dir.pdf)

b) Familiarisation Programmes for Independent Directors

Under Familiarisation Programmes, Independent Directors are familiarized about the Company, its product, the industry, legal environment and business model of the Company, etc.. In addition, the Independent Directors are briefed on the regulatory changes and their specific responsibilities and duties that may arise from time to time. The details of Familiarisation Programme is available on the website of the Company (weblink : <http://www.dsl-india.com/wp-content/uploads/2014/12/FPI-Directors-DSL.pdf>).

c) Relationships of Directors interse

Shri Pradip Kumar Daga, Chairman and Managing Director and Shri Yashwant Kumar Daga are related to each other. Shri Yashwant Kumar Daga is son of Shri Pradip Kumar Daga.

d) Shareholdings of Non Executive Directors in the Company as on 31st March, 2018:-

Non-Executive Directors	No. of ordinary shares @ Rs.10/-
Shri Yashwant Kumar Daga	259425

The Company does not have any Stock Option Scheme.

e) Board Meetings held during the year

During the financial year ended 31st March 2018, four meetings of the Board of Directors were held on 22nd May 2017, 14th Sept 2017, 13th December 2017 and 13th February 2018. The maximum gap between any two consecutive Board Meetings was less than 120 days.

Dates for the Board Meetings are decided well in advance and communicated to the Directors. All material information was circulated to the Directors before the meeting or was placed at the meeting, including minimum information required to be made available to the Board as prescribed under Part A of Schedule II of Regulation 17(7) of the Listing Regulations.

The Board periodically reviews Compliance Report of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

f) Code of Conduct :

The Company has adopted Code of Conduct for Directors and Senior Management Personnel of the Company. The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review. The declaration by Shri P. K. Daga, Chairman and Managing Director of the Company in this regard is given as 'Annexure A' to this report. The Code is posted on the website of the Company.

g) Independent Directors' Meeting –

During the year, a separate meeting of the Independent Directors was held on 13th February 2018 without the attendance of Non-independent Directors and members of the management to discuss -

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole.

- Evaluation of the performance of the Chairman of the Company taking into account, the views of other Non-independent Directors.
- Evaluation of the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors attended the said meeting.

3) AUDIT COMMITTEE

The powers, role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Regulation 18 of the Listing Regulations as well as Section 177 of the Companies Act, 2013.

The Audit Committee comprised of three Non - Executive Directors namely Shri Binod Kumar Agrawal, Chairman and Shri Yashwant Kumar Daga, and Shri Pradeep Kumar Drolia as members. The Members have adequate knowledge of accounts and financial matters. Shri Pradeep Kumar Drolia and Shri Binod Kumar Agrawal have accounting and related financial management expertise. Smt. Puneeta Arora, Company Secretary is Secretary to the Committee. During the year, Shri Binod Kumar Agrawal was appointed as member of Audit Committee with effect from 1st June 2017. After death of Shri Vikram Prakash on 10th August 2017, Shri Binod Kumar Agrawal was appointed as Chairman of the Audit Committee.

The powers of Audit Committee include investigating into any activity within its terms of reference as specified by Board and seeking information from any employee, obtaining professional advice from external sources, securing attendance of outsiders with relevant expertise, if required and having full access to information contained in the records of the Company.

The role of Audit Committee includes –

- oversight of Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- recommending the appointment, re-appointment, remuneration and terms of appointment of auditors and approval of payment for any other services rendered by statutory auditors ;
- reviewing with the management quarterly results and annual financial statements before submission to the Board for approval;
- approval or any subsequent modification of any transactions of the Company with related parties;
- review and monitoring the auditor's independence and performance and effectiveness of audit process;
- evaluation of internal financial controls and risk management system; scrutiny of inter corporate loans and investments, if any and
- reviewing of functioning of Vigil Mechanism.

During the year, Committee met four times, as on 22nd May 2017, 14th Sept 2017, 13th December 2017 and on 13th February 2018. The maximum gap between any two consecutive meetings was less than 120 days. The Composition of the Audit Committee as at 31st March 2018 and the details of Members' participation at the meetings of the Committee are as under:-

Name of the Member	Status	Category	No. of Meetings attended
Shri Vikram Prakash	Chairman till 10.8.2017	Non-Executive Independent	1
Shri Binod Kumar Agrawal	Chairman	Non-Executive Independent	3
Shri Yashwant Kumar Daga	Member	Non-Executive	3
Shri Pradeep Kumar Drolia	Member	Non-Executive Independent	4

The necessary quorum was present at the meetings. At the invitation of the Company, representatives from various divisions of the Company, Internal Auditors, Cost Auditors, Statutory Auditors are invited to attend the Meeting to respond to queries raised at the Committee meetings. The Chief Financial Officer is the permanent invitee to the meetings of the Audit Committee.

4) **NOMINATION AND REMUNERATION COMMITTEE**

The powers, role and terms of reference of the Nomination and Remuneration Committee cover the matters specified under Regulation 19 of the Listing Regulations as well as Section 178 of the Companies Act, 2013. The role includes –

- Formulation of criteria for determining qualifications, positive attributes and independence of a Director ;
- Recommending to the Board a policy relating to the remuneration for Directors, Key Managerial Personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on diversity of Board of Directors;
- 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 of their appointment and removal.

During the year, Shri Binod Kumar Agrawal was appointed as member of Nomination and Remuneration Committee with effect from 1st June 2017. After death of Shri Vikram Prakash on 10th August 2017, Shri Pradeep Kumar Drolia was appointed as Chairman of the Nomination and Remuneration Committee.

During the year, the Committee met on 22nd May 2017. The Composition of the Nomination and Remuneration Committee as at 31st March 2018 and the details of Members' participation at the meetings of the Committee are as under:-

Name of the Member	Status	Category	No. of Meetings attended
Shri Vikram Prakash	Chairman till 10.8.2017	Non-Executive Independent	1
Shri Pradeep Kumar Drolia	Chairman	Non-Executive Independent	1
Shri Yashwant Kumar Daga	Member	Non-Executive	1
Shri Binod Kumar Agrawal	Member	Non-Executive Independent	Nil

Commission to Non-Executive Directors is decided by Board of Directors, every year, subject to maximum limit of one percent of the net profits of the Company. The members of the Company have by special resolution passed through Postal Ballot, result of which was declared on 22nd January 2014, authorised the Board of Directors of the Company to pay commission to Non-Executive Directors with in the limit of one percent of net profits of the Company. The Board of Directors of the Company determines the quantum of commission payable to Non-Executive Directors considering the performance of the Company for the said year.

Details of remuneration paid to Whole Time Director and other Directors are given below: -

Particulars of remuneration paid/payable to Directors during 2017-18:-

Name of the Director	Salary	Perquisites/LTA	Company's Contribution to Provident Fund	Commission **	Sitting Fee *	Total
Sh.P.K.Daga (Chairman and Managing Director)	68,64,000	15,000	8,23,680	–	–	77,02,680
Sh.Yashwant Kumar Daga	–	–	–	2,00,000	1,05,000	3,05,000
Sh.Vikram Prakash	–	–	–	2,00,000	45,000	2,45,000
Sh.Pradeep Kumar Drolia	–	–	–	2,00,000	1,32,500	3,32,500
Smt. Nilu Agrawal	–	–	–	2,00,000	65,000	2,65,000
Sh. Binod Kumar Agrawal	–	–	–	–	1,02,500	1,02,500

Sitting fees for attending meetings of the Board and / or Committee thereof. The Company pays sitting fees of Rs. 15,000/- per meeting to the Non-Executive Directors for attending the meetings of the Board and Rs. 7,500/- per meeting for attending the meeting of the Committees of the Board. The Independent Directors were paid ₹ 5000/- each as sitting charges for meeting of Independent Director.

** Commission to Non-Executive Directors including Independent Directors will be paid after the accounts are approved by the share holders at the ensuing Annual General Meeting.

Directors' Commission amount is exclusive of applicable Service Tax which shall be born by the Company.

The Company does not have any stock option scheme.

Performance Evaluation Criteria for Independent Directors

The Nomination and Remuneration Committee lays down the framework for performance evaluation of Independent Directors. The framework used for performance evaluation of the Independent Directors covers the areas relevant to their functioning as Independent Directors and is based on the expectation that they are performing their duties in a manner which should create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed upon them.

The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation of the Directors, the Director subject to evaluation, had not participated.

5) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee oversees redressal of shareholder and investor grievances, transfer / transmission of shares, issue of duplicate shares, recording of dematerialization / rematerialisation of shares and related matters.

Smt. Puneeta Arora, Company Secretary is designated as the Compliance Officer by the Board.

During the financial year ended 31st March 2018, 2 complaints were received and all were satisfactorily disposed off. As on 31.03.2018, pendency of complaints was Nil. There were no pending requests for Share transfers as on 31st March 2018.

During the year, Shri Binod Kumar Agrawal was appointed as member of Stakeholders Relationship Committee with effect from 1st June 2017. After death of Shri Vikram Prakash on 10th August 2017, Shri Binod Kumar Agrawal was appointed as Chairman of the said Committee.

During the year, Committee met two times, as on 22nd May 2017 and on 13th December 2017. The Composition of the Stakeholders Relationship Committee as at 31st March 2018 and the details of Members' participation at the meetings of the Committee are as under:-

Name of the Member	Status	Category	No. of Meetings attended
Shri Vikram Prakash	Chairman till 10.8.2017	Non-Executive Independent	1
Shri Binod Kumar Agrawal	Chairman	Non-Executive Independent	1
Shri Yashwant Kumar Daga	Member	Non-Executive	2
Shri Pradeep Kumar Drolia	Member	Non-Executive Independent	2

6) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Committee oversees Corporate Social Responsibility (CSR) and other related matters and discharges the roles as prescribed under Section 135 of the Act which includes –

- formulation and review of CSR Policy and to make it comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- to ensure adherence to CSR Policy; and
- to provide guidance on various CSR activities to be undertaken by the Company
- recommending the amount of expenditure to be incurred on CSR and
- to monitor the progress of CSR activities.

Shri Binod Kumar Agrawal was appointed as member of CSR Committee with effect from 1st June 2017.

During the year, the Committee meeting was held on 22nd May 2017 and on 13th February 2018. The composition of the Corporate Social Responsibility Committee as at 31st March 2018 and the details of Members' participation at the meetings of the Committee are as under:-

Name of the Member	Status	Category	No. of Meetings attended
Shri Yashwant Kumar Daga	Chairman	Non-Executive	1
Shri Vikram Prakash	Member till 10.08.2017	Non-Executive Independent	1
Shri Pradeep Kumar Drolia	Member	Non-Executive Independent	2
Shri Binod Kumar Agrawal	Member w.e.f 01.06.2017	Non-Executive Independent	1

7) GENERAL BODY MEETINGS.

a) Location, date and time of last three Annual General Meetings is as follows: -

Particulars	Location	Date	Time	Whether any Special Resolution passed
33rd AGM	– do –	23-09-2015	02.30 P.M.	Nil
34th AGM	– do –	28.09.2016	02.00 P.M.	1
35th AGM	– do –	31.08.2017	02.00 P.M.	2

34th AGM held on 28.09.2016

As required, voting was conducted electronically with M/s. Central Depository Services (India) Limited facilitating the e-voting and also by physical ballot and all the resolutions were passed with requisite

majority except the following special resolution which was proposed but could not be effected as requisite votes in favour of the resolution were not received –

1. For keeping registers under Section 88 of the Companies Act, 2013 at a place other than at Registered Office of the Company.

35th AGM held on 31.08.2017

As required, voting was conducted electronically with M/s. Central Depository Services (India) Limited facilitating the e-voting and also by physical ballot and all the resolutions were passed with requisite majority. The following special resolutions were passed :-

1. Re-appointment of Shri Pradip Kumar Daga as Managing Director of the Company.
However, the following special resolution which was proposed but could not be effected as requisite votes in favour of the resolution were not received –
2. For keeping registers under Section 88 of the Companies Act, 2013 at a place other than at Registered Office of the Company.

b) Extra Ordinary General Meeting

No Extra Ordinary General Meeting was held during the year.

c) Postal Ballot

- i) Whether any special resolution passed last year through postal ballot and details of voting pattern –
Special Resolution passed at the Annual General Meeting of the Company held last year was not put through postal ballot.
- ii) Person who conducted the postal ballot exercise - Not applicable.
- iii) Whether any special resolution is proposed to be conducted through postal ballot?
Special Resolutions to be passed at the ensuing Annual General meeting of the Company are not proposed to be put through postal ballot. However, for other special resolutions, if any, in the future, the same will be decided at the relevant time.
- iv) Procedures for Postal Ballot
The procedure for postal ballot, if any, will be as per the provisions of the Companies Act, 2013 and rules made there under.

8) MEANS OF COMMUNICATION

Quarterly/ Half Yearly Financial Results are published in leading newspapers such as Aaj Samaj(regional newspapers) and Financial Express (National - English) and are also displayed at the Company's **website www.dsl-india.com**

Official press releases, presentations to analysts and institutional investors, if any and other general information about the Company, in addition to uploading the same on the website of the Company are also sent to Stock Exchanges for dissemination.

9) GENERAL SHAREHOLDER INFORMATION –

Annual General Meeting

Day, Date and Time	: Wednesday, 29th August, 2018 at 2.00 p.m.
Venue	: 121, Industrial Area, Baddi, Tehsil Nalagarh, Dist – Solan 173205 (HP)
Dates of Book closure	: From Saturday 25th August, 2018 to Wednesday, 29th August, 2018 (both days inclusive)

Financial Calendar 2018-19 (Tentative)

First Quarter Results	: On or before 14th August 2018
Second Quarter Results and Half yearly Results	: On or before 14th November 2018
Third Quarter Results	: On or before 14th February 2019
Annual Results	: On or before 30th May 2019
Financial Year	: 1st April to 31st March

Listing on Stock Exchanges :

Name & address of the Stock Exchanges	Stock Code / Scrip Code	ISIN no. for NSDL / CDSL
BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001	514030	INE272C01013

Annual listing fees for 2018-19 has been paid to the Stock Exchange.

Market Price Data

The details of monthly highest and lowest closing quotations of the equity shares of the Company during financial year 2017-18 are as under :- (in ₹ per share)

Month	BSE Limited		Month	BSE Limited	
	High	Low		High	Low
April 2017	100.00	88.20	October 2017	89.90	77.00
May 2017	100.00	82.15	November 2017	90.25	80.10
June 2017	87.40	78.00	December 2017	93.90	85.00
July 2017	92.00	79.00	January 2018	114.15	92.00
August 2017	97.00	77.10	February 2018	104.90	80.20
September 2017	82.00	76.10	March 2018	100.00	80.00

(Source : www.bseindia.com)

The performance of the Company's shares cannot be compared to BSE Sensex for reasons of low liquidity.

Registrars & Transfer Agents in Physical and Electronic (DEMAT) Mode.

M/S Maheshwari Datamatics Private Limited, 23, R.N Mukherjee Road, 5th Floor, Kolkata - 700001.
Telephone : (033)22435029, (033)22433809, (033) 22482248.

Share Transfer System

Physical Share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

Pattern of Shareholding as on 31.03.2018.

Sr. No.	Category	No. of Shares held	% of Paid up Share Capital
1	Promoters	30,49,144	42.41
2	Mutual Funds and Insurance Companies	9,100	0.13
3	Financial Institutions and Banks	3,19,780	4.45
4	Bodies Corporates	2,44,747	3.40
5	NRIs and OCBs	1,34,330	1.87
6	Other Resident Individuals	34,32,267	47.74
	Total	71,89,368	100.00

Distribution of Shareholding as on 31.03.2018

From – To	No. of Shares held	% of total paid Up Capital	No. of Share holders	% of total No. of Shareholders
Upto – 500	10,63,717	14.80	7,650	92.62
501-1000	2,51,805	3.50	325	3.93
1001-10000	6,92,870	9.63	232	2.81
10001 & above	51,80,976	72.07	53	0.64
Total	71,89,368	100	8260	100

Dematerialisation of shares and liquidity

The equity shares of the Company are under compulsory Demat trading for all categories of investors. The Company's shares are available for Demat trading with both the depositories i.e. CDSL and NSDL. Requests for dematerialization of shares are processed and confirmation thereof is given to the respective depositories within the statutory time limit from the date of receipt of share certificates, if the documents are complete in all respects. As on 31st March 2018, 90.56% equity shares of the Company stood dematerialized.

Commodity price risk or foreign exchange risk and hedging activities

The Company has reasonable exposure to foreign exchange and there is a natural hedging partly available in terms of exports made by the Company.

In respect of price risk of raw materials used for manufacturing purpose, the same is taken care of as per industry requirement.

Plant locations

- i) 121, Industrial Area, Baddi, Tehsil Nalagarh, District Solan 173205 (HP)
- ii) Village Pagara, Tehsil & District Guna - 473001 (MP)

Address for correspondence

Deepak Spinners Limited
Share Department, S.C.O. 16, 2nd Floor, Sector - 26, Chandigarh - 160019.
Telephone: (0172)2790974, (0172)2790973.

Designated email-id for investor servicing :

The e-mail ids designated exclusively for investor servicing–mdpldc@yahoo.com and share@dsl-india.com

10) CEO/CFO CERTIFICATION

As required by Regulation 17(8) of the Listing Regulations, the Chairman and Managing Director [CEO] and CFO of the Company have certified to the Board about accuracy of the financial statements, maintenance of code of conduct of the Company and adequacy of the internal control systems for the financial year ended on 31st March 2018.

11) SUBSIDIARY COMPANIES - The Company does not have any subsidiary Company.**12) OTHER DISCLOSURES**

- a) **RELATED PARTY TRANSACTIONS** - All related party transactions have been entered into in the ordinary course of business and are transactions for which omnibus approval of the Audit Committee was taken. There were no materially significant transactions with related parties during the financial year which were not in the normal course of business and which may have conflict with the interest of the Company. All individual transactions with related parties or others were on arms length basis. Suitable disclosures as required by the IND AS 24 – ‘Related Party Disclosures’ have been made in the notes to the Financial Statements.

The Board has formulated a Policy for Related Party Transactions which is available on the Company’s website.

(weblink: http://www.dsl-india.com/wp-content/uploads/2014/11/Policy_on_Related_Party_Transactions.pdf)

- b) The Company has fully complied with all the applicable requirements of regulatory authorities on Capital Markets and consequently, no penalties / strictures have been imposed on the Company by Stock Exchange, SEBI or any other statutory authority on any matter relating to the capital markets, during the last three years, other than the penalty paid for late filing of Annual Report during the year due to unavoidable reasons.
- c) **VIGIL MECHANISM** - The Company has a Vigil Mechanism to provide an avenue for Directors and employees to raise concerns of any fraud, mismanagement, negligence, violations of legal or regulatory requirement. The Policy on Vigil Mechanism is also posted on the website of the Company. The Audit Committee periodically reviews the functioning of the Vigil Mechanism.
- The mechanism provides for adequate safeguards against victimization of personnel, who avail of the mechanism. Although no personnel was denied access to the Vigil Officer and the Audit Committee, no complaints were received during 2017-18.
- d) All Accounting Standards mandatorily required to be followed, have been followed without exception in preparation of the financial statements.
- e) Procedures for assessment of risk and its minimization have been laid down by the Company and reviewed by the Board. These procedures are periodically reassessed to ensure that management can control risks.
- f) No money was raised by the Company through any public issue, rights issue, preferential issue, etc. during the financial year 2017-18.
- g) Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under Schedule V of the Listing Regulations.
- h) As per Regulation 26(5) of Listing Regulations, there were no material financial and commercial transactions by Senior Management, where they have personal interest that may have a potential conflict with the interest of the Company at large requiring disclosure by them to the Board of Directors of the Company.

13) The Company has complied with all the mandatory requirements of Corporate Governance specified in Regulation 17 to 27 and clauses (b) to (f) of Regulation 46(2) of Listing Regulations.

14) The Corporate Governance Report of the Company for the year ended on 31st March 2018 is in compliance with the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. There is no non-compliance of any of the requirements of Corporate Governance Report as required under the Listing Regulations

15) The status of adoption of the discretionary requirements of as specified in Regulation 27(1) of the Listing Agreement are as follow :-

1. **The Board** – The Chairman of the Company is Executive Chairman.
2. **Shareholders’ Rights** Quarterly and Half yearly financial results are published in newspapers and uploaded on Company’s website but are not being sent to each household of shareholders of the Company.
3. **Modified opinion(s) in audit report** - The Auditors have raised no qualification on the financial statements.
4. **Separate posts of Chairman and CEO** - The posts of Chairman and CEO are held by a single individual.
5. **Reporting of Internal Auditor** - The Internal Auditors are invited to the meetings of Audit Committee wherein they report directly to the Audit Committee.

16) Disclosure of Compliances –

The Company has disclosed about the compliance of regulations in respect of Corporate Governance as per Listing Regulations on its website www.dsl-india.com

17) Reconciliation of Share Capital Audit

As stipulated by the Securities and Exchange Board of India (SEBI) a qualified practicing Chartered Accountant carries out Reconciliation of Share Capital Audit. This Audit is carried out for every quarter and the report thereon is submitted to Stock Exchange and is placed before the Board.

18) Compliance Certificate

Compliance Certificate for Corporate Governance from Auditors of the Company is given as ‘**Annexure-B**’ to this report.

19) Filing of Cost Audit Report

As per Section 148 of the Companies Act, 2013, read with Rule 6 of the Companies (Cost Records and Audit) Rules, 2014, Cost Auditors have to forward Cost Audit Report to the Board of Directors of the Company within a period of 180 days from the closure of financial year and the said report is required to be filed within a period of 30 days from the date of receipt with the Ministry of Corporate Affairs.

In compliance with the requirements under General Circular 15/2011 dated 11 April, 2011 of Ministry of Corporate affairs, the details of Cost Audit Report filed with Ministry of Corporate Affairs during the year is as below –

Financial Year	Name of Cost Auditor	Date of Filing
2016-17	M/s. Shakti K. & Associates, Cost Accountants,	23.09.2017

The above report was adopted by the Board of Directors at its meeting held on 28th May 2018.

DECLARATION REGARDING COMPLIANCE OF THE CODE OF CONDUCT

To,
The Members of
Deepak Spinners Limited

It is hereby confirmed that all the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March 2018.

Place : Kolkata
Date : 28.05.2018

P. K. DAGA
*Chairman and
Managing Director*

AUDITORS’ CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Deepak Spinners Limited

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

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was carried out in accordance with the Guidance Note on Certificate of Corporate Governance, issued by the Institute of Chartered Accountants of India and 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 in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

For Jitendra K. Agrawal & Associates
Chartered Accountants
Firm Reg. No. 318086E

Place: Kolkata
Date: 28th May, 2018

Kuldeep Maloo
Partner
Membership No. 515708

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEEPAK SPINNERS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Deepak Spinners Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind-AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

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 statements on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. (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 it 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 Ind-AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.
(e) On the basis of written representations received from the directors as on 31st March'2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; 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:
 - a. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 36 of the Financial Statements.
 - b. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Ind AS financial statements, are based on the previously issued financial statements prepared in accordance with the Accounting Standards referred in section 133 of the Companies Act'2013 audited by the predecessor auditor whose report for the year ended March 31, 2017 and March 31, 2016 dated 22nd May'2017 and 30th May'2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

For Jitendra K Agarwal & Associates
Chartered Accountants
Firm Reg. No. 318086E

Kuldeep Maloo
Partner
Membership No. 515708

Place: Kolkata
Date: 28th May'2018

Annexure A

Annexure referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (Re: Deepak Spinnars Limited)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management at regular interval. The discrepancies noticed on such physical verification were not material.
- (c) According to information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the company except freehold land for Rs. 2.42 Lakhs for which registration in the name of the Company is pending.
- (ii) The management has conducted physical verification of inventories during the year at reasonable interval and no material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loan to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies' Act, 2013. Therefore, the provisions of clause 3(iii) of the Order are not applicable.
- (iv) The Company has no transaction with respect to loan, investment, guarantee and security covered under section 185 and 186 of the Companies Act, 2013. Therefore, the provisions of clause 3(iv) of the Order are not applicable.
- (v) The Company has not accepted any deposits covered under section 76 of the Companies Act'2013 during the year. Therefore, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- (vii) a. According to the records of the Company, the Company is regular in depositing amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-tax, Sales-tax, Service Tax, Duty of customs, Duty of excise, Value Added Tax, Cess and other material statutory dues with the appropriate authorities. There was no undisputed outstanding statutory dues as at the yearend 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 outstanding on account of Income-tax, Sales-tax, Value Added Tax, Service Tax, Duty of customs, Duty of excise and Cess on account of any dispute except the followings :

Name of Statute	Nature of Dues	Amount (₹ In Lakhs)	Forum where Dispute is Pending	Related Period
The Central Excise Act, 1944	Demand for Excise Duty	7.97	CESTAT	2004-05 to 2007-08
Income Tax Act, 1961	For dispute of carry forward unabsorbed depreciation and Provision for Doubtful debts.	6.25	CIT (Appeals) Kolkata	Assessment year 2011-12
	Short Allowance of Credit of TDS and Excess charge of Interest	5.48	CIT (Appeals) Kolkata	Assessment year 2004-05
		0.76	ITAT	Assessment year 1998-99
	Disallowance of Expenses etc.	1.21	DCIT (Appeal), Kolkata	Assessment Year 2012-2013
	MAT Credit Disallowance	21.39	CIT (Appeals) Kolkata	Assessment year 2015-16

Name of Statute	Nature of Dues	Amount (₹ In Lakhs)	Forum where Dispute is Pending	Related Period
Himachal Pradesh Tax on Entry of Goods into Local Area Act' 2010	Entry Tax	553.05	Additional Commissioner of Central Excise, Jammu	2010-11 to 2017- 18

- (viii) The Company has not defaulted in repayment of dues to bank. The Company did not have any borrowing from any financial institution or Government and dues to debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Further in our opinion and explanations given to us, term loans were applied for the purpose for which loans were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officers and employees has been noticed or reported during the year.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give 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.
- (xv) 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 non-cash transactions with directors or persons connected with directors. Therefore, the provisions of clause 3(xv) of the Order are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Jitendra K Agarwal & Associates
Chartered Accountants
 Firm Reg. No. 318086E

Place: Kolkata
 Date: 28th May'2018

Kuldeep Maloo
Partner
 Membership No. 515708

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 Deepak Spinners Limited (“the Company”) as of 31 March 2018 in conjunction with our audit of the Ind-AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s 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.

Auditor’s 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 Ind-AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind-AS 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 Ind-AS 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 Ind-AS 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 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Jitendra K Agarwal & Associates
Chartered Accountants
Firm Reg. No. 318086E

Place: Kolkata
Date: 28th May'2018

Kuldeep Maloo
Partner
Membership No. 515708

BALANCE SHEET AS AT 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

	Note	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-Current Assets				
Property, Plant & Equipment	'3'	18,690.45	19,667.85	20,196.39
Capital Work-in-Progress		28.10	20.30	199.33
Other Intangible Assets	'4'	106.83	48.44	60.83
Intangible Assets under Development		-	48.40	24.52
Financial Assets				
a. Other Non Current Financial Assets	'5'	246.12	242.31	188.94
Other Non-Current Assets	'6'	33.45	413.76	417.27
		19,104.95	20,441.06	21,087.28
Current Assets				
Inventories	'7'	7,243.22	6,933.84	5,967.31
Financial Assets				
a. Trade Receivables	'8'	3,666.05	3,928.17	2,632.52
b. Cash & Cash Equivalents	'9'	73.47	48.14	144.04
c. Bank balances other than (b) above	'10'	16.54	15.47	54.23
d. Other Current Financial Assets	'11'	155.45	302.39	425.82
Current Tax Assets (Net)	'12'	152.52	175.51	465.00
Other Current Assets	'13'	1,524.08	338.78	456.05
		12,831.33	11,742.30	10,144.97
Total Assets		31,936.28	32,183.36	31,232.25
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	'14'	720.11	720.11	720.11
Other Equity	'15'	11,009.72	10,409.10	9,793.70
		11,729.83	11,129.21	10,513.81
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
a. Borrowings	'16'	6,179.59	7,893.66	9,578.51
Long-term Provisions	'17'	210.59	246.97	213.26
Deferred Tax Liabilities (Net)	'18'	2,152.33	2,176.06	2,121.69
		8,542.51	10,316.69	11,913.46
Current Liabilities				
Financial Liabilities				
a. Borrowings	'19'	4,749.33	5,409.49	4,129.89
b. Trade Payables	'20'	2,654.08	1,579.18	859.56
c. Other Financial Liabilities	'21'	2,633.87	2,500.28	2,357.02
Other Current Liabilities	'22'	308.96	64.37	89.75
Short Term Provisions	'23'	1,295.63	1,161.21	1,001.04
Current Tax Liabilities	'24'	22.07	22.93	367.72
		11,663.94	10,737.46	8,804.98
		20,206.45	21,054.15	20,718.44
Total Equity and Liabilities		31,936.28	32,183.36	31,232.25
Summary of significant accounting policies and other notes on financial statements	'1 to 44'			

The accompanying notes are an integral part of the financial statements
As per our report of even date attached.

For **Jitendra K. Agarwal & Associates**
Chartered Accountants
Firm Reg. No. 318086E

Kuldeep Maloo
Partner
Membership No. 515708

Place : Kolkata
Dated : 28th May, 2018

P K DAGA
Chairman and Managing Director

S B SHARDA
Chief Financial Officer & President

PUNEETA ARORA
Company Secretary

For and on behalf of the Board of Directors
of **Deepak Spinners Limited**

YASHWANT KUMAR DAGA

P K DROLIA

BINOD KUMAR AGRAWAL

NILU AGRAWAL
Directors

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

(All amounts are in Rupees Lakhs, unless otherwise stated)

	Note	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
REVENUE			
Revenue from Operations	'25'	44,234.86	41,099.40
Other Income	'26'	436.47	389.12
Total Income		44,671.33	41,488.52
EXPENSES			
Cost of Materials Consumed	'27'	27,814.64	26,579.42
Changes in Inventories of Finished Goods, Work-in-Progress and Waste	'28'	138.87	(1,363.94)
Employee Benefit Expense	'29'	4,788.95	4,388.03
Finance Costs	'30'	1,353.49	1,494.58
Depreciation and Amortization Expense	'31'	1,645.18	1,624.85
Other Expenses	'32'	8,262.46	7,682.12
Total Expenses		44,003.59	40,405.06
Profit before Exceptional item and Tax		667.74	1,083.46
Exceptional Item	'33'	–	(222.09)
Profit before Tax		667.74	861.37
Tax Expense			
Current Tax	'34'	136.15	175.51
Deferred Tax Charge/(Credit)		(38.86)	59.69
Profit for the year (A)		570.45	626.17
Other Comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		45.29	(16.09)
Tax relating to remeasurement of defined benefit plans		(15.12)	5.32
Total Other Comprehensive income for the year (B)		30.17	(10.77)
Total Comprehensive income for the year (A+B)		600.62	615.40
Basic & Diluted Earnings Per Equity Share (of Rs. 10 each)	'35'	7.91	8.68
Summary of significant accounting policies and other notes on financial statements	'1 to 44'		

The accompanying notes are an integral part of the financial statements
As per our report of even date attached.

For Jitendra K. Agarwal & Associates
Chartered Accountants
Firm Reg. No. 318086E

Kuldeep Maloo
Partner
Membership No. 515708

Place : Kolkata
Dated : 28th May, 2018

P K DAGA
Chairman and Managing Director
S B SHARDA
Chief Financial Officer & President

PUNEETA ARORA
Company Secretary

For and on behalf of the Board of Directors
of Deepak Spinners Limited

YASHWANT KUMAR DAGA
P K DROLIA
BINOD KUMAR AGRAWAL
NILU AGRAWAL
Directors

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

Particulars	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
A. Cash Flow from Operating Activities		
Net Profit before tax	667.74	861.37
Adjustment for :		
Depreciation and amortization expense	1,645.18	1,624.85
Profit on sale/discard of property, plant and equipment (net)	(0.02)	0.37
Finance costs	1,353.49	1,494.58
Interest Subsidy from State Government	(56.12)	(76.13)
Interest Income	(196.64)	(172.37)
Operating Profit Before Working Capital Changes	3,413.63	3,732.67
Movements in working capital :-		
(Increase) / Decrease in Inventories	(309.37)	(966.53)
(Increase) / Decrease in Trade receivables	262.12	(1,295.65)
(Increase) / Decrease in Financial Assets	142.57	69.94
(Increase) / Decrease in Other receivables	(806.63)	78.75
Increase / (Decrease) in Trade Payables	1,074.90	719.62
Increase / (Decrease) in Financial Liabilities	(33.57)	(122.10)
Increase / (Decrease) in Provision and Other Payables	387.92	152.41
Cash Generated From Operations	4,131.56	2,369.11
Less : Income Tax Paid (net of refunds)	(114.02)	(230.81)
Net Cash From Operating Activities	4,017.54	2,138.30
B. Cash Flow from Investment Activities		
Movement in fixed deposit	(0.46)	-
Interest received	197.19	248.62
Purchases of Property, Plant and Equipments (including capital advance)	(667.71)	(935.27)
Proceeds from sales of Property, plant & Equipements	0.06	43.67
Net Cash Used In Investing Activities	(470.92)	(642.98)
C. Cash Flow from Financing Activities		
Net proceeds/(Repayment) of Long Term Borrowings	(1,510.40)	(1,377.29)
Net proceeds/(Repayment) of Short Term Borrowings	(660.16)	1,279.60
Finance Costs (including capitalised Rs. 16.25, previous year Rs. 2.60)	(1,350.73)	(1,493.53)
Net Cash Used in Financing Activities	(3,521.29)	(1,591.22)
Net Increase/(Decrease) in Cash and Cash Equivalents	25.33	(95.90)
Cash and Cash Equivalents at the beginning of the year *	48.14	144.04
Cash and Cash Equivalents at the end of the year *	73.47	48.14
	25.33	(95.90)

* Refer Note 9 for details.

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the Statement of Cash Flows.

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For **Jitendra K. Agarwal & Associates**

Chartered Accountants

Firm Reg. No. 318086E

Kuldeep Maloo

Partner

Membership No. 515708

Place : Kolkata

Dated : 28th May, 2018

P K DAGA

Chairman and Managing Director

S B SHARDA

Chief Financial Officer & President

PUNEETA ARORA

Company Secretary

For and on behalf of the Board of Directors

of **Deepak Spinners Limited**

YASHWANT KUMAR DAGA

P K DROLIA

BINOD KUMAR AGRAWAL

NILU AGRAWAL

Directors

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

(All amounts are in Rupees Lakhs, unless otherwise stated)

	As at 31st March, 2018		As at 31st March, 2017			
	No. of Shares	Amount	No. of Shares	Amount		
(a) Equity share capital						
Balance at the beginning of the year	71,89,368	718.94	71,89,368	718.94		
Changes in equity share capital during the year	—	—	—	—		
Balance at the end of the reporting period	71,89,368	718.94	71,89,368	718.94		
	Reserves and Surplus		Remeasurement of defined benefit plans	Total		
	Securities Premium	Capital Reserve	General reserve	Retained earnings		
(b) Other equity						
Restated balance at the beginning of the reporting period	217.81	—	2,809.79	6,766.10	—	9,793.70
Profit for the year			—	626.17		626.17
Other comprehensive income/ (loss) for the year			—		(10.77)	(10.77)
Total comprehensive income for the year	—	—	—	626.17	(10.77)	615.40
Balance at 31 March 2017	217.81	—	2,809.79	7,392.27	(10.77)	10,409.10
Restated balance at the beginning of the reporting period	217.81	—	2,809.79	7,392.27	(10.77)	10,409.10
Profit for the year			—	570.45	—	570.45
Other comprehensive income for the year			—	—	30.17	30.17
Total comprehensive income for the year	—	—	—	570.45	30.17	600.62
Balance at 31 March 2018	217.81	—	2,809.79	7,962.72	19.40	11,009.72

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For **Jitendra K. Agarwal & Associates**

Chartered Accountants

Firm Reg. No. 318086E

Kuldeep Maloo

Partner

Membership No. 515708

Place : Kolkata

Dated : 28th May, 2018

P K DAGA

Chairman and Managing Director

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Company Secretary

For and on behalf of the Board of Directors
of **Deepak Spinners Limited**

YASHWANT KUMAR DAGA

P K DROLIA

BINOD KUMAR AGRAWAL

NILU AGRAWAL

Directors

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Reporting Entity

Deepak Spinnners Limited referred to as “the Company” is domiciled in India. The Company’s registered office is at 121 Industrial Area, Baddi, Himachal Pradesh- 173212. The Company is a manufacturer of Synthetic Staple Fibres Yarn, Man-made Fibres blended yarn. It has two spinning units located at Guna (Madhya Pradesh) and Baddi (Himachal Pradesh).

These financial statements were authorised for issue by the Board of Directors in their meeting held on 28th May’2018.

2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

2.1 Basis of preparation

The financial statements of the Company comply with all material aspects with Indian Accounting Standards (“Ind AS”) as prescribed under section 133 of the Companies Act, 2013 (“the Act”), as notified under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India.

The financial statements up to year ended 31st March, 2017 were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2014 issued by the Central Government and as per relevant provisions of the Companies Act, 2013 read together with Paragraph 7 of The Companies (Accounts) Rules, 2014. (herein after referred to as ‘Previous GAAP’).

The financial statements for the year ended 31st March, 2018 are the first financial statements of the Company prepared under Ind AS. The Company followed the provisions of Ind-AS 101 in preparing its opening Ind AS Balance Sheet as of the date of transition i.e. 1st April 2016. Certain of the Company’s Ind-AS accounting policies used in the opening Balance Sheet differed from its Indian GAAP policies applied as at 31st March, 2016 and accordingly the adjustments were made to restate the opening balances as per Ind-AS. The resulting adjustment arose from events and transactions before the date of transition to Ind-AS were recognized directly through retained earnings as at 1st April, 2016 as required by Ind- AS 101. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in note no. 42.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on accrual basis except in case of claims lodged with insurance company but not settled, interest on overdue debts from customers due to uncertainty in realisation, export and other benefits doubtful of recovery are accounted for on receipt/settlement and the following items, which are measured on following basis on each reporting date:

- Certain financial assets and liabilities (including derivative instruments) that is measured at fair value
- Defined benefit liability/(assets): present value of defined benefit obligation less fair value of plan assets.
- Financial instrument - measured at fair value;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Functional and presentation currency

These financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional currency. All amounts have been rounded to the nearest Lakhs, unless otherwise indicated.

2.4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

- Classification of leases into finance and operating lease
- Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the financial statements for every period ended is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts.
- Useful life and residual value of fixed assets
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources
- Impairment of financial assets: key assumptions used in estimating recoverable cash flows

2.5 Classification of Assets and Liabilities as Current and Non-Current

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset/liabilities is treated as current when it is:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

- Expected to be realised/settled (liabilities) or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised/settled within twelve months after the reporting period, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets/liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets/liabilities.

The operating cycle is the time between the acquisition of the assets for processing and their realisation in cash and cash equivalents.

2.6 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date when the assets are ready to use. Capital work in progress includes cost of assets at sites, construction expenditure and interest on the funds deployed less any impairment loss, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate item (major components) of property, plant and equipment. As per the assessment made by the management, fixed assets (other than building and captive power plant) does not comprise any significant components with different useful life. Any gain on disposal of property, plant and equipment is recognised in Statement of Profit and loss.

Subsequent Measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation on fixed assets is calculated on Straight Line Method using the rates arrived at based on the estimated useful lives given in Schedule II of the Companies Act, 2013 or re-assessed by the Company on technically assessed as given below.

Assets	Useful lives as per technical certificate
Plant & Machinery	30 Years (On single shift basis)
Power Plant	36 Years

Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure. Additions on rented premises are being amortised over the period of rent agreement.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively. Individual assets costing below Rs. 5000 are fully depreciated in the year of purchase as these assets have no significant useful life.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.7 Intangible assets

Intangible Assets acquired separately are stated at cost less accumulated amortization and impairment loss, if any. Intangible assets are amortized on straight line method basis over the estimated useful life. Estimated useful life of the Software is considered as 5 years.

Amortisation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired, impairment loss is recognised in the statement of profit & loss.

2.8 Non-current assets (or disposal groups) held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

2.9 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. A reversal of impairment loss is recognised immediately in the Statement of Profit & Loss.

2.10 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets upto the assets are substantially ready for their intended use or sale.

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

2.11 Foreign currency transactions

Transactions in foreign currencies are recorded by the Company entities at their respective functional currency at the exchange rates prevailing at the date of the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rates prevailing at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss with the exception of the following:

- exchange differences on foreign currency borrowings included in the borrowing cost when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items measure at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

2.12 Employee benefits

a. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The company has Provident Fund as defined contribution plan.

c. Defined benefit plans

For defined benefit retirement, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item employee benefits expense.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

d. Other long-term employee benefits

The company has long term employment benefit plans i.e. accumulated leave. Accumulated leave is encashed to eligible employees at the time of retirement. The liability for accumulated leave, which is a defined benefit scheme, is provided based on actuarial valuation as at the Balance Sheet date, based on Projected Unit Credit Method, carried out by an independent actuary.

2.13 Revenue Recognition

- a. The Company recognises revenue from sale of goods when the titles have been passed at which time all the following conditions are satisfied:
 - i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
 - ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
 - iii) the amount of revenue can be measured reliably;
 - iv) it is probable that the economic benefits associated with the transaction will flow to the Company; and
 - v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, etc. Shipping and handling amounts invoiced to customers are included in revenue and the related shipping and handling costs incurred are included in freight and forwarding expenses when the Company is acting as principal in the shipping and handling arrangement. Sales include excise duty, wherever applicable and are net of Goods and Service Tax / Sales Tax.

- b. Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Export incentives and subsidies are recognized when there is reasonable assurance that the Company will comply with the conditions and the incentive will be received. Claim on insurance companies and others, where quantum of accrual cannot be ascertained with reasonable certainty, are accounted for on acceptance basis.
- c. Interest other than interest on overdue debts from customers, is recognised on time proportion basis.

2.14 Government Grants and Subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants that compensate the Company for expenses incurred are recognised in the statement of profit and loss, as income or deduction from the relevant expense, on a systematic basis in the periods in which the expense is recognised.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Statement of Profit and Loss on a straight line basis over the expected lives of the related assets to match them with the costs for which they are intended to compensate and presented within other income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

2.15 Inventories

- i. Inventories are valued as follows:

Raw materials, stores and spares	Lower of cost and net realisable value. Cost is determined on a weighted average basis. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress, finished goods and traded goods	Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads.
Waste	At net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

- ii. Provision for obsolete/ old inventories is made, wherever required.
- iii. In view of substantially large number of items in work- in- progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The Company, however, physically verifies such stocks at the end of the year and valuation is made on the basis of such physical verification.

2.16 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If the receivable is expected to be collected within a period of 12 months or less from the reporting date (or in the normal operating cycle of the business, if longer), they are classified as current assets otherwise as non-current assets. Trade receivables are measured at their transaction price unless it contains a significant financing component in accordance with Ind AS 18 (or when the entity applies the practical expedient) or pricing adjustments embedded in the contract. Loss allowance for expected life time credit loss is recognised on initial recognition.

2.17 Provisions and contingencies, Contingent liabilities and Contingent Assets

Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

2.18 Measurement of fair value

a. Financial instruments

The estimated fair value of the Company's financial instruments is based on market prices and valuation techniques. Valuations are made with the objective to include relevant factors that market participants would consider in setting a price, and to apply accepted economic and financial methodologies for the pricing of financial instruments. References for less active markets are carefully reviewed to establish relevant and comparable data.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

b. Derivatives

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value provided by the respective banks. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss.

2.19 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts.

a. Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Classifications

The company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Impairment of financial assets

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

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/loss are not subsequently transferred to Profit & Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

De-recognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

2.20 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if, the Company:

- a) Has a legally enforceable right to set off the recognised amounts; and
- b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Minimum Alternate Tax ('MAT') is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

2.21 Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the percentage value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

2.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors of the Company has been identified as being the chief operating decision maker by the Management of the company. The Business activity of the company falls within one business segment viz "Textile".

2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.24 Standards issued but not yet effective

On March 28, 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying amendments to Ind AS 21, 'The Effects of Changes in Foreign Exchange Rates' and Ind AS 115, 'Revenue from Contracts with Customers.' The amendments are applicable to the Company from April 01, 2018.

a. Amendment to Ind AS 21

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

b. Amendment to Ind AS 115

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

- i. Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors
- ii. Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and the effect on the financial statements will be given in due course.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

3. Property, plant and equipment

Particulars	Gross Block					Depreciation				Net Block	
	As at	Additions	Deletions	Adjustments	As at	As at	For the	Deletions	As at	As at	As at
	1st April, 2016				31st March, 2017	1st April, 2016	Year		31st March, 2017	1st April, 2016	31st March, 2017
Tangible Assets											
Freehold land (a)	33.40	-	-	-	33.40	-	-	-	-	33.40	33.40
Building	5,505.53	429.30	-	-	5,934.83	-	215.41	-	215.41	5,505.53	5,719.42
Plant and equipment	14,469.53	655.86	43.12	-	15,082.27	-	1,365.77	-	1,365.77	14,469.53	13,716.50
Vehicles	52.27	31.94	0.92	-	83.29	-	11.56	-	11.56	52.27	71.73
Furniture and fixtures	20.05	4.14	-	-	24.19	-	2.60	-	2.60	20.05	21.59
Office equipments	52.87	5.45	-	-	58.32	-	14.88	-	14.88	52.87	43.44
Assets under Finance Lease											
Leasehold land	62.74	-	-	-	62.74	-	0.97	-	0.97	62.74	61.77
Total	20,196.39	1,126.69	44.04	-	21,279.04	-	1,611.19	-	1,611.19	20,196.39	19,667.85

Particulars	Gross Block					Depreciation				Net Block	
	As at	Additions	Deletions	Adjustments	As at	As at	For the	Deletions	As at	As at	As at
	1st April, 2017				31st March, 2018	1st April, 2017	Year		31st March, 2018	1st April, 2017	31st March, 2018
Tangible Assets											
Freehold land (a)	33.40	-	-	-	33.40	-	-	-	-	33.40	33.40
Building	5,934.83	86.79	-	-	6,021.62	215.41	226.06	-	441.47	5,719.42	5,580.15
Plant and equipment	15,082.27	532.60	-	-	15,614.87	1,365.77	1,354.14	-	2,719.91	13,716.50	12,894.96
Vehicles	83.29	13.64	-	-	96.93	11.56	13.41	-	24.97	71.73	71.96
Furniture and fixtures	24.19	0.54	0.04	-	24.69	2.60	3.09	-	5.69	21.59	19.00
Office equipments	58.32	1.18	-	-	59.50	14.88	14.45	-	29.33	43.44	30.17
Assets under Finance Lease											
Leasehold land	62.74	-	-	-	62.74	0.97	0.97	-	1.94	61.77	60.80
Total	21,279.04	634.75	0.04	-	21,913.75	1,611.19	1,612.12	-	3,223.31	19,667.85	18,690.45

(a) Includes land Rs. 2.42 (Previous year Rs. 2.42) for which registration is pending.

(b) Property, Plant and Equipment given as security for borrowings refer note 16.

(c) Refer Note No 42 for notes to "First Time Adoption".

4. Other Intangible Assets

Particulars	Gross Block					Depreciation				Net Block	
	As at	Additions	Deletions	Adjustments	As at	As at	For the	Deletions	As at	As at	As at
	1st April, 2016				31st March, 2017	1st April, 2016	Year		31st March, 2017	1st April, 2016	31st March, 2017
Intangible Assets											
Software IT (ERP)	60.83	1.26	-	-	62.09	-	13.65	-	13.65	60.83	48.44
Total	60.83	1.26	-	-	62.09	-	13.65	-	13.65	60.83	48.44

Particulars	Gross Block					Depreciation				Net Block	
	As at	Additions	Deletions	Adjustments	As at	As at	For the	Deletions	As at	As at	As at
	1st April, 2017				31st March, 2018	1st April, 2017	Year		31st March, 2018	1st April, 2017	31st March, 2018
Intangible Assets											
Software IT (ERP)	62.09	91.46	-	-	153.55	13.65	33.07	-	46.72	48.44	106.83
Total	62.09	91.46	-	-	153.55	13.65	33.07	-	46.72	48.44	106.83

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

A. Additional disclosure (Gross and Net Block as per Previous GAAP)

Property, plant and equipment

Particulars	As at 1st April, 2016			As at 31st March, 2017			As at 31st March, 2018		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Tangible Assets									
Freehold land	33.40	-	33.40	33.40	-	33.40	33.40	-	33.40
Building	7,213.40	1,707.87	5,505.53	7,642.70	1,923.28	5,719.42	7,729.49	2,149.34	5,580.15
Plant and equipment	24,909.98	10,373.89	14,536.09	25,150.08	11,433.58	13,716.50	25,682.68	12,787.72	12,894.96
Vehicles	122.38	70.11	52.27	148.60	76.87	71.73	162.24	90.28	71.96
Furniture and fixtures	92.72	72.67	20.05	96.86	75.27	21.59	96.60	77.60	19.00
Office equipments	169.37	116.50	52.87	174.82	131.38	43.44	176.00	145.83	30.17
Assets under Finance Lease									
Leasehold land	74.40	11.66	62.74	74.40	12.63	61.77	74.40	13.60	60.80
Total	32,615.65	12,352.70	20,262.95	33,320.86	13,653.01	19,667.85	33,954.81	15,264.37	18,690.45

Intangible Assets

Particulars	As at 1st April, 2016			As at 31st March, 2017			As at 31st March, 2018		
	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block	Gross Block	Accumulated depreciation	Net Block
Intangible Assets									
Software IT (ERP)	71.55	10.72	60.83	72.81	24.37	48.44	164.27	57.44	106.83
Total	71.55	10.72	60.83	72.81	24.37	48.44	164.27	57.44	106.83

* Depreciation for the year 31 March 2017 and 31 March 2018 under Ind-AS has been considered to arrive accumulated depreciation as at 31 March 2017 and 31 March 2018.

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
5 Other Non-Current Financial Assets (Unsecured, Considered Good)			
Security Deposits	231.20	227.39	174.02
Export Benefits/Claims Receivables #	14.92	14.92	14.92
	246.12	242.31	188.94
# Claim lying with department but hold against Service Tax dispute			
6 Other Non Current Assets			
Capital Advances	33.45	35.10	70.03
Indirect Taxes Recoverable	-	378.66	347.24
	33.45	413.76	417.27
7 Inventories (Valued at lower of cost or net realisable value except waste at net realisable value)			
Raw Materials	2,123.47	1,706.19	2011.58
Work-in-Progress	738.00	563.11	279.57
Finished Goods	3,877.38	4,189.91	3107.8
Stores and Spares	501.14	470.18	562.2
Waste	3.23	4.45	6.16
	7,243.22	6,933.84	5,967.31

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Goods in transit included in above inventories are as under :			
Raw materials	273.33	113.52	319.32
Stores and spare-parts, etc.	42.82	69.83	49.40

a. Write downs of inventories (net of reversal) to net realizable value related to raw materials and finished goods amounted to ₹ 78.37 (Previous year ₹ 26.12, As at 01st April 2016 ₹ 19.18). These were recognised as expense during the year and included in 'Cost of materials consumed' and Changes in inventories of finished goods, stock-in-trade and work-in-progress in statement of profit and loss.

8 Trade Receivables

Unsecured

Considered Good	3,666.05	3,928.17	2632.52
Considered Doubtful	12.16	12.16	12.16
	3,678.21	3,940.33	2,644.68
Less: Allowances for credit losses	12.16	12.16	12.16
	3,666.05	3,928.17	2,632.52

a. No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further no trade or other receivables are due from firms or private companies respectively in which any director is a partner, or director or member.

9 Cash and Cash Equivalents

Balance with Banks :			
- In Current Accounts	66.81	44.53	140.38
Cash on hand	6.66	3.61	3.66
	73.47	48.14	144.04

10 Other Bank Balances

Earmarked balances with banks

Unpaid Dividend Account	9.69	9.08	47.83
Fixed Deposit Account (maturity within one year)*	5.39	5.12	5.13
Fixed Deposit Account (Pledged with Sales Tax Department)	1.46	1.27	1.27
	16.54	15.47	54.23

(*Pledged as Margin with Bank)

11 Other Current Financial Assets

(Unsecured, Considered Good)

Export Benefits/Claims Receivables	149.45	295.84	419.15
Interest Accrued	6.00	6.55	6.67
	155.45	302.39	425.82

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
12 Current Tax Assets (Net)			
Advance Current Tax (Net of Provision)	152.52	175.51	465.00
	152.52	175.51	465.00
13 Other Current Assets			
Security Deposit	50.00	50.00	50.00
Indirect taxes recoverable	1,239.21	125.00	100.00
Export Benefit Receivable	33.95	13.67	20.16
Advances Recoverable in Cash or in Kind	114.14	47.47	206.78
Prepaid Expenses	86.78	102.64	79.11
	1,524.08	338.78	456.05
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
14 Share Capital:			
Authorised:			
80,00,000 (Previous year 80,00,000) Equity Shares of ₹ 10/- each.	800.00	800.00	800.00
60,00,000 (Previous year 60,00,000) Unclassified Shares of ₹ 10/- each.	600.00	600.00	600.00
	1,400.00	1,400.00	1,400.00
Issued:			
72,12,868 (Previous year 72,12,868) Equity Shares of ₹ 10/- each	721.29	721.29	721.29
	721.29	721.29	721.29
Subscribed and Fully Paid-up Shares			
71,89,368 (Previous year 71,89,368) Equity Shares of ₹ 10/- each fully paid-up	718.94	718.94	718.94
Add: Forfeited Shares (Amount originally Paid-up)	1.17	1.17	1.17
	720.11	720.11	720.11
a. Terms and Rights attached to Equity Shares			
Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However same other than interim dividend, is subject to the approval of the shareholders in the Annual General Meeting.			
b. Reconciliation of number of shares outstanding at the beginning and end of the year :			
Equity Shares outstanding at the beginning of the year	7189368	7189368	7189368
Equity Shares allotted during the year	-	-	-
Equity Shares outstanding at the end of the year	7189368	7189368	7189368

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

c. Shareholders holding more than 5 percent Equity shares of the Company:

Name of shareholder	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding
M/s. Mangalam Engineering Projects Ltd.	8,69,429	12.09	8,69,429	12.09	9,18,929	12.78
Sh. Pradip Kumar Daga	5,49,445	7.64	5,39,201	7.50	5,02,389	6.99
M/s. Contransys Pvt. Ltd	4,02,100	5.59	4,02,100	5.59	4,02,100	5.59
M/s. Jalpaiguri Holdings Pvt. Ltd.	4,00,070	5.56	4,00,070	5.56	4,00,070	5.56
Smt. Asha Devi Daga	3,86,428	5.38	3,76,047	5.23	3,64,062	5.06
Sh. Baldev Kumar Garg	-	-	-	-	3,74,605	5.21
			As at	As at		
			31st March, 2018	31st March, 2017		

15 Other Equity

(i) Securities Premium Reserve

Balance as per last financial statements	217.81	217.81
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(ii) General Reserve

Balance as per last financial statements	2,809.79	2,809.79
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(iii) Retained earnings

Balance at the beginning of the year	7,392.27	6,766.10
Profit for the year	570.45	626.17
Total	7,962.72	7,392.27

(iv) Remeasurement of defined benefit plans

Balance at the beginning of the year	(10.77)	-
Addition during the year	30.17	(10.77)
Balance at the end of the year	19.40	(10.77)
Total (i to iv)	11,009.72	10,409.10

Nature and purpose of other reserves/ other equity

General reserve

The Company appropriates a portion to general reserves out of the profits voluntarily to meet future contingencies. The said reserve is available for payment of dividend to the shareholders as per the provisions of the Act.

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
16 Borrowings			
(i) Secured			
(a) Term Loans from a Bank	7,772.15	9,206.60	10,452.31
(b) Term Loans from a Bank (Solar)	280.91	362.41	506.90
(c) Vehicle Loans*			
(a) From a Bank	11.65	14.20	0.16
(b) From Others	8.10	-	1.13
	8,072.81	9,583.21	10,960.50
(ii) Amount disclosed under the head "Other financial liabilities" (Refer Note No. 21)	(1,893.22)	(1,689.55)	(1,381.99)
(Total i-ii)	6,179.59	7,893.66	9,578.51

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

a. Securities

Term Loan from a bank is secured by first charge on the Plant & Machineries, other movable fixed assets and extension of equitable mortgage on all immovable fixed assets and second charge on current assets of the textile business. These Loans are further secured by personal guarantee of the Chairman and Managing Director and a Director.

Term Loan from a bank is secured by Plant & Machinery and other fixed assets and extension of equitable mortgage of the immovable fixed assets of the Solar Power Plant and second charge on current assets of the Company. This Loan is further secured by personal guarantee of the Chairman and Managing Director and a Director.

*Secured by hypothecation of vehicles financed.

b. Terms of Repayments of Non-Current Portion:

Rate of Interest	Repayment Periodicity	Installments Outstanding	Installments Outstanding	Total Amount	Total Amount
11% (previous year 11.40 to 11.60%) linked with MCLR *	Quarterly Equal	4 to 19	8 to 23	5997.15	7631.6
11% (previous year 11.60%) linked with MCLR #	Quarterly Equal	4	8	168.91	250.41
8.5% to 9.10 % (Previous year 9.10%)	Monthly Graded	15 to 32	44	13.53	11.65
				6179.59	7893.66

* Including ₹ 2919.19 Lacs (previous year ₹ Nil) converted into foreign currency loan for a year at the interest rate of 4.67% (previous year Nil) per annum.

Including ₹ 320 Lacs (previous year ₹ Nil) converted into foreign currency loan for a year at the interest rate of 4.67% (previous year Nil) per annum.

17 Long Term Provisions

Provision for Employee Benefits

As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
210.59	246.97	213.26
210.59	246.97	213.26

18 Deferred Tax Liabilities (Net)

Deferred Tax Liabilities on account of :

Depreciation

2,691.27	2,686.21	2588.33
2,691.27	2,686.21	2,588.33

Deferred Tax Assets on account of :

Employees Separation and Retirement Exp.

Other Timing Differences

72.77	92.14	83.45
466.17	418.01	383.19
538.94	510.15	466.64
2,152.33	2,176.06	2,121.69

Deferred Tax Liabilities/ (Assets) Net

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

A. Movement in deferred Tax balances

	As at 31st March, 2017	Recognized in P&L	Recognized in OCI	As at 31st March, 2018
Deferred Tax Assets				
Employees Separation and Retirement Exp.	92.14	-4.25	(15.12)	72.77
Other Timing Differences	418.01	48.16		466.17
Sub- Total (a)	510.15	43.91	(15.12)	538.94
Deferred Tax Liabilities				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	2,686.21	5.06		2,691.27
Sub- Total (b)	2,686.21	5.06	-	2,691.27
Net Deferred Tax Liability (b)-(a)	2,176.06	-38.85	15.12	2,152.33
	As at 1st April, 2016	Recognized in P&L	Recognized in OCI	As at 31st March, 2017
Deferred Tax Assets				
Employees Separation and Retirement Exp.	83.45	3.37	5.32	92.14
Other Timing Differences	383.19	34.82		418.01
Sub- Total (a)	466.64	38.19	5.32	510.15
Deferred Tax Liabilities				
Property, plant and equipment: Impact of difference between tax depreciation and depreciation/amortization for financial reporting	2,588.33	97.88		2,686.21
Sub- Total (b)	2,588.33	97.88	-	2,686.21
Net Deferred Tax Liability (b)-(a)	2,121.69	59.69	(5.32)	2,176.06

B. Amounts recognised in Other Comprehensive Income

	For the year ended 31st March, 2018			For the year ended 31st March, 2017		
	Before Tax	Tax	Net Of Tax	Before Tax	Tax	Net Of Tax
	(Expense)/ Income			(Expense)/ Income		
Remeasurements of defined benefit liability	45.29	(15.12)	30.17	(16.09)	5.32	(10.77)
	45.29	(15.12)	30.17	(16.09)	5.32	(10.77)

C. Reconciliation of effective tax rate

	For the Year Ended 31st March, 2018	For the Year ended 31st March, 2017
Profit before tax from continuing operations	667.74	861.37
Tax using the Company's domestic tax rate @ 33.063% (31 March 2017: 33.063%)	220.77	284.79
Tax effect of:		
Non-deductible expenses	(5.28)	(0.12)
Deduction under chepter VI	0.91	-
MAT credit entitlement related to earlier years utilised	127.85	(36.75)
Tax Related to Earlier Years		2.51
Others (Tax and Surcharge changes)		83.95
Income tax expenses reported in the statement of profit and loss	97.29	235.20
Effective tax rate	14.57%	27.31%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
19 Short-term Borrowings			
A Secured			
Loan repayable on demand			
-From Banks	4,749.33	5,409.49	4129.89
	4,749.33	5,409.49	4,129.89
Securities :-			
Loan from Banks are Secured by first charge on current assets both present and future and additionally secured by way of second charge on all fixed assets except assets charged exclusively for term loans under TUFs. The same is further secured by personal guarantee of the Chairman and Managing Director and a director.			
20 Trade Payables *			
For Goods and Services	2,654.08	1,579.18	859.56
	2,654.08	1,579.18	859.56
* The Company has not received any intimation from its suppliers being registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSME). Hence the information required to be given in accordance with section 22 of MSME Act, 2006 is not ascertainable hence not disclosed.			
21 Other Financial Liabilities			
Current maturities of long-term debts	1,893.22	1,689.55	1381.99
Unpaid Dividends	9.69	9.08	47.83
Interest Accrued and Due	78.27	115.39	118.84
Security Deposits	10.40	76.67	69.55
Statutory Dues	72.50	104.55	220.97
Directors' Commission	7.20	7.20	7.20
Employees liabilities	562.59	497.84	510.64
	2,633.87	2,500.28	2,357.02
22 Other Current Liabilities			
Customers' Credit Balances and Advances against orders	308.96	64.37	89.75
	308.96	64.37	89.75

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
23 Short Term Provisions			
Provision for Disputed and Other Statutory Matters (Refer Note 23.1)	1,242.94	1,129.50	973.17
Provision for Employee Benefits	52.69	31.71	27.87
	1,295.63	1,161.21	1,001.04
23.1 Movement of Provision for Disputed and Other Statutory Matters			
Opening Balance	1,129.50	973.17	592.06
Addition during the year	113.44	238.10	438.74
Paid during the year	-	81.77	57.63
Closing balance	1,242.94	1,129.50	973.17
24 Current Tax Liabilities (Net)			
Current Tax Payable (Net of Provision)	22.07	22.93	367.72
	22.07	22.93	367.72

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
25 Revenue from Operations :		
Sale of Manufactured goods:		
Man Made Synthetic Yarn *	43,923.59	40,869.58
Sale of Electricity	66.61	73.45
Other Operating Revenue (Export and other incentives)	244.66	156.37
Revenue from Operations (Net)	44,234.86	41,099.40
* Sales includes Export Sales of ₹ 3761.50 lakhs (Previous year ₹ 2986.38 lakhs)		
26 Other Income:		
Interest Subsidy from State Govt.	56.12	76.13
Interest Income	196.64	172.37
Net Profit on sale/discard of Fixed Assets	0.02	-
Scrap Sales	49.20	32.14
Miscellaneous Income	88.33	42.51
Net Gain on Foreign Currency transactions and translation	38.50	27.91
Sundry credit balances written back	7.66	38.06
	436.47	389.12
27 Cost of Materials Consumed:		
Man Made Fibres	26,838.72	25,678.78
Dyes & Chemicals	975.92	900.64
	27,814.64	26,579.42
28 Changes in Inventories of Finished Goods, Work-in-Progress and Waste Inventories as at 31st March, 2018		
Work-in-Progress	738.00	563.11
Finished Goods	3,877.37	4,189.91
Waste	3.23	4.45
Total (A)	4,618.60	4,757.47
Inventories as at 31st March, 2017		
Work-in-Progress	563.11	279.57
Finished Goods	4,189.91	3,107.80
Waste	4.45	6.16
Total (B)	4,757.47	3,393.53
Total (B-A)	138.87	(1,363.94)
29 Employee Benefit Expense		
Salaries, Wages and Bonus	4,229.41	3,947.01
Contribution to Provident and other Funds	357.60	246.29
Staff welfare expense	201.94	194.73
	4,788.95	4,388.03

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
30 Finance Costs		
Interest expenses*	1,179.36	1,343.45
Other Borrowing cost	42.95	18.91
Loss on foreign Currency translations & transactions (Considered as finance costs)	147.43 1,369.74	134.82 1,497.18
Less: Amount transferred to Capital Work-in-Progress/Capitalised	16.25	2.60
	1,353.49	1,494.58
*Net of Interest subsidies ₹ 220.34 lakhs (Previous Year ₹ 194.66 lakhs) under TUF (Technology Upgradation Fund) scheme and includes Rs. Nil (Previous Year ₹ 1.59 lakhs) to Income Tax department		
31 Depreciation and Amortization Expense		
On Tangible Assets	1,645.18	1,624.85
	1,645.18	1,624.85
32 Other Expenses		
Consumption of Stores & Spares	1,467.56	1,304.28
Consumption of Packing Material	731.85	712.95
Job Charges	171.61	129.42
Power & Fuel	3,905.59	3,786.57
Rent	28.10	37.19
Insurance	30.92	32.56
Rates & Taxes	11.01	6.57
Repair and Maintenance		
Buildings	8.13	22.46
Machinery	128.81	128.14
Freight & Forwarding (Net)	1,024.39	868.02
Commission and Brokerage	270.16	213.40
Net Loss on sale/discard of Fixed Assets	-	0.37
Excise Duty paid	19.47	0.75
Auditor's Remuneration (including Service tax)		
As Auditors	6.80	7.82
For Limited Review #	1.95	2.07
For Certification and other matters #	0.54	1.26
Reimbursement of Expenses #	0.55	0.46
Cost Auditors	0.65	0.75
Commission to Directors	8.00	8.00
Bad debts & Advances written off	1.88	4.54
CSR Expenses	5.00	-
Donation	0.50	-
Miscellaneous Expenses	438.99	414.54
	8,262.46	7,682.12

includes paid to previous Auditors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

	For the Year ended 31st March, 2018	For the Year ended 31st March, 2017
33 Exceptional Items**	-	222.09
** Exceptional items represents interest on custom duty paid due to shortfall in fulfillment of Export Obligation against capital goods imported in earlier years under EPCG Scheme.		
34 Current Tax		
Current Tax for the year	264.00	173.00
Less:- MAT Credit utilised	127.85	-
	136.15	173.00
Income Tax related to earlier year	-	2.51
Total Current Tax	136.15	175.51
35 Earnings per share		
Total profit for the year	570.45	626.17
Weighted average number of equity shares of ₹ 10/- each	71,89,368	71,89,368
EPS - Basic and Diluted (per share in ₹)	7.91	8.68

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
36 Contingent liabilities, contingent assets and commitments			
A. Contingent liabilities (not provided for) in respect of:			
1. Demand for Excise duty, being contested by the Company	7.97	64.96	79.77
2. Demand for Income Tax, being contested by the Company (Amount deposited ₹ 25.06 lakhs, Previous year ₹ 25.06 lakhs)	58.77	96.53	50.87
3. Legal Cases (Employees)	6.40	5.78	4.35
4. Demand for Cess on own generation of electricity.	45.89	45.89	44.89
The management believes that the Company has a strong chance of favourable decision in above cases, hence no provision has been considered necessary.			
B. Commitments			
Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances] not provided for	142.30	166.94	19.02

37 Leases

Operating lease

The Company's significant leasing arrangements are in respect of operating leases of premises for offices and warehouse. These leasing arrangements, which are cancellable, are typically for a period of 11 months and are usually renewable on mutually agreeable terms. The Company has recognised expense amounting to ₹ 28.10 (Previous year ₹ 37.19)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
38 Foreign exchange derivatives and exposures outstanding at the year-end:			
(a) Foreign Currency exposure not hedged by derivative instrument or otherwise :			
i. Receivable	149.56	337.74	88.54
ii. Payable	299.04	-	375.15
(b) Outstanding forward contracts to be hedge foreign currency exposure :			
Cross Currency Nature Currency			
USD / INR Buy in US \$	41,34,390	-	35,68,300

39 Employee benefits

The Company contributes to the following post-employment defined benefit plans in India.

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. During the year the Company has contributed to Government Provident Fund ₹ 312.31 (Previous year ₹ 262.38).

(ii) Defined Benefit Plan:

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. Gratuity liability is being contributed to the Group Gratuity-cum-life Assurance Cash Accumulation Policy administered by the LIC of India.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2018. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

- A. Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Net defined benefit liability / (asset)	67.40	94.67	77.67
Liability for Gratuity			
Non-current	55.61	85.54	71.45
Current	11.79	9.13	6.22

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

B. Movement in net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

	31st March, 2018			31st March, 2017		
	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability	Defined benefit obligation	Fair value of plan assets	Net defined benefit (asset)/ liability
Balance as at 1 April	583.39	488.73	94.67	479.73	402.07	77.67
Included in profit or loss						
Service costs	111.39	-	111.39	92.57	-	92.57
Interest cost / (income)	40.84	(34.21)	6.63	35.98	(30.15)	5.82
	152.23	(34.21)	118.02	128.55	(30.15)	98.39
Included in OCI						
Actuarial loss / (gain) arising from:						
- financial assumptions	(47.07)	-	(47.07)	27.78	-	27.78
- experience adjustment	(2.72)	-	(2.72)	(9.12)	-	(9.12)
- on plan assets		4.51	4.51	-	(2.57)	(2.57)
	(49.79)	4.51	(45.29)	18.66	(2.57)	16.09
Other						
Contributions paid by the employer		100.00	(100.00)		97.48	(97.48)
Benefits paid	(51.23)	(51.23)	-	(43.55)	(43.55)	-
Acquisition adjustment			-			-
	(51.23)	48.77	(100.00)	(43.55)	53.93	(97.48)
Balance as at 31 March	634.60	567.19	67.40	583.39	488.72	94.67
	31st March, 2018			31st March, 2017	01st April, 2016	

C. Plan assets

Fund managed by insurer	100%	100%	100%
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D. Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

Discount rate	7.80%	7.00%	7.50%
Expected rate of future salary increase	6.00%	6.00%	6.00%
Mortality	100% of IALM (2006 - 08)		

Assumptions regarding future mortality have been based on published statistics and mortality tables.

E. Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31st March, 2018		31st March, 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(27.34)	29.92	(28.96)	31.83
Expected rate of future salary increase (0.5% movement)	30.02	(27.66)	31.98	(29.36)

Sensitivities due to mortality and withdrawals are insignificant, hence ignored. Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement.

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

F. Description of Risk Exposures:

Valuations are based on certain assumptions, which are dynamic in nature and vary over time. As such Company is exposed to various risks as follow -

- A) Salary Increases- Higher than expected increase in salary will increase the defined benefit obligation.
- B) Discount Rate: Reduction in discount rate in subsequent valuations can increase the plan's liability.
- C) Mortality & disability – Actual deaths & disability cases proving lower or higher than assumption in the valuation can impact the liabilities.
- D) Withdrawals – Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact Plan's liability.

40 Related parties

A. Related parties and their relationships

i. Key Managerial Personnel (KMP) and their relatives

Name	Relationship
Sh. P. K. Daga	Chairman and Managing Director.
Sh. Yashwant Kumar Daga	Director (Son of Shri P. K. Daga) (KMP under Ind-AS)
Sh. Shantanu Daga	Senior Management Executive (Son of Shri Yashwant Kumar Daga).
Sh. Binod Kr. Agrawal	Independent Director (KMP under Ind-AS)
Sh. P. K. Drolia	Independent Director (KMP under Ind-AS)
Sh. Vikram Prakash Agrawal	Independent Director (KMP under Ind-AS) (upto 10 Aug, 2017)
Mrs. Neelu Agrawal	Independent Director (KMP under Ind-AS)

- ii. Enterprise over which Key Management Personnel and their relatives exercise significant influence and with whom transactions have taken place during the year
 Deepak Industries Ltd.
 Contransys Pvt Ltd.

B. Transactions with the above in the ordinary course of business

			For the year ended	
			31st March, 2018	31st March, 2017
a) Payments to Key Managerial Personnel and their relatives				
Name	Nature	Category		
Sh. P. K. Daga	- Remuneration #	Short Term Employee Benefits	77.03	46.95
Sh. Shantanu Daga	- Remuneration #	Short Term Employee Benefits	27.95	22.30
Sh. Yashwant Kumar Daga	- Sitting Fees	Other Transactions	1.05	1.28
	- Commission	Other Transactions	2.00	2.00
Sh. P. K. Drolia	- Sitting Fees	Other Transactions	1.33	1.33
	- Commission	Other Transactions	2.00	2.00
Sh. Binod Kr. Agrawal	- Sitting Fees	Other Transactions	1.03	-
	- Commission	Other Transactions	2.00	-
Mrs. Neelu Agrawal	- Sitting Fees	Other Transactions	0.65	0.50
	- Commission	Other Transactions	2.00	2.00
Sh. Vikram Prakash Agrawal	- Sitting Fees	Other Transactions	0.45	1.33
	- Commission	Other Transactions	-	2.00

The above said remuneration is excluding provision for Gratuity & Leave Encashment, where the actuarial valuation is done on overall Company basis.

Apart from above Shri. P. K. Daga, Chairman and Managing Director and Shri Yashwant Kumar Daga (Son of Shri P.K. Daga) have given 'personal guarantees to the bankers of the company for securing various borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

	For the year ended	
	31st March, 2018	31st March, 2017
b) With Enterprises over which Key Management Personnel or his relative are able to exercise significant influence. are as under		
- Deepak Industries Limited		
Purchase of Electricity	309.66	402.12
- Contransys Pvt. Ltd.		
Lease rent for premises leased out	2.64	2.54
Closing Balance		
- Deepak Industries Limited		
Payable	21.09	42.67

41 Financial instruments

I. Fair value measurements

A. Financial instruments by category

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets						
Trade receivables	-	3,666.05	-	3,928.17	-	2,632.52
Cash and cash equivalents	-	73.47	-	48.14	-	144.04
Bank balances other than above	-	16.54		15.47		54.23
Others						
Non Current	-	246.12	-	242.31	-	188.94
Current	-	155.46	-	302.39	-	425.82
	-	4,157.64	-	4,536.48	-	3,445.55
Financial liabilities						
Long Term Borrowings	-	6,179.59	-	7,893.66	-	9,578.51
Short terms borrowings	-	4,749.33	-	5,409.49	-	4,129.89
Trade payables	-	2,654.08	-	1,579.18	-	859.56
Other current financial liabilities	-	2,633.87	-	2,500.28	-	2,357.02
	-	16,216.87	-	17,382.61	-	16,924.98

B. Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Financial assets and liabilities measured at fair value - recurring fair value measurements

	As at 31st March, 2018			Total
	Level 1	Level 2	Level 3	
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

There are no transfers between level 1 and level 2 during the year

C. Fair value of financial assets and liabilities measured at amortised cost

	As at 31st March, 2018		As at 31st March, 2017		As at 1st April, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Trade receivables	3,666.05	3,666.05	3,928.17	3,928.17	2,632.52	2,632.52
Cash and cash equivalents	73.47	73.47	48.14	48.14	144.04	144.04
Bank balances other than above	16.54	16.54	15.47	15.47	54.23	54.23
Others						
Non Current	246.12	246.12	242.31	242.31	188.94	188.94
Current	155.45	155.45	302.39	302.39	425.82	425.82
	4,157.63	4,157.63	4,536.48	4,536.48	3,445.55	3,445.55
Financial liabilities						
Long Term Borrowings	6,179.59	6,179.59	7,893.66	7,893.66	9,578.51	9,578.51
Short terms borrowings	4,749.33	4,749.33	5,409.49	5,409.49	4,129.89	4,129.89
Trade payables	2,654.08	2,654.08	1,579.18	1,579.18	859.56	859.56
Other current financial liabilities	2,633.87	2,633.87	2,500.28	2,500.28	2,357.02	2,357.02
	16,216.87	16,216.87	17,382.61	17,382.61	16,924.98	16,924.98

The carrying amounts of the above mentioned financial assets and financial liabilities are considered to be the same as their fair values, due to their short-term nature.

II. Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the processes to ensure that executive management controls risks through the mechanism of property defined framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed by the board annually to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of financial assets represents the maximum credit exposure. The Company monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company Management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes market check, industry feedback, past financials and external ratings, if they are available. Sale limits are established for each customer and reviewed periodically. Any sales exceeding those limits require approval from the President of the Company.

More than 60 % of the Company's customers have been transacting with the Company for over four years, and no impairment loss has been recognized against these customers. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties.

The Company establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of expected credit loss for trade receivables

The carrying amount net of credit loss allowances of trade receivables is Rs. 3666.05 (31st March, 2017 – Rs. 3928.17, 1st April, 2016 – Rs. 2632.52).

Ageing of trade receivables are as under:-

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31.03.2018	3,535.83	130.22	12.16	3,678.21
As at 31.03.2017	3,847.99	80.18	12.16	3,940.33
As at 01.04.2016	2,582.10	50.42	12.16	2,644.68

During the period, the Company has made no write-offs of trade receivables, it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off. The Company management also pursue all legal option for recovery of dues wherever necessary based on its internal assessment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

A default on a financial asset is when counterparty fails to make payments within 60 days when they fall due.

Reconciliation of loss allowance provision – Trade receivables

	31st March, 2018	31st March, 2017	01st April, 2016
Opening balance	12.16	12.16	12.16
Changes in loss allowance	-	-	-
Closing balance	12.16	12.16	12.16

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are fallen due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities) and cash and cash equivalents on the basis of expected future cash flows. This is generally carried out at unit level and monitored through caproate office of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(a) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Floating rate			
Expiring within one year (bank overdraft and other facilities)	2,850.67	2,190.51	3,470.11
Expiring beyond one year (bank loans)	-	-	-
	2,850.67	2,190.51	3,470.11

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in indian rupee and have an average maturity within a year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

(b) Maturities of financial liabilities

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and exclude contractual interest payments and the impact of netting agreements.

	Carrying Amounts 31st March, 2018	Contractual cash flows				
		Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	6,179.59	6,179.59	-	4,615.50	1,564.09	-
Short term borrowings	4,749.33	4,749.33	4,749.33	-	-	-
Trade payables	2,654.08	2,654.08	2,654.08	-	-	-
Other current financial liabilities	2,633.87	2,633.87	2,633.87	-	-	-
Total non-derivative liabilities	16,216.87	16,216.87	10,037.28	4,615.50	1,564.09	-

	Carrying Amounts 31st March, 2017	Contractual cash flows				
		Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	7,893.66	7,893.66	-	5,415.00	1,987.50	491.16
Short term borrowings	5,409.49	5,409.49	5,409.49	-	-	-
Trade payables	1,579.18	1,579.18	1,579.18	-	-	-
Other current financial liabilities	2,500.28	2,500.28	2,500.28	-	-	-
Total non-derivative liabilities	17,382.61	17,382.61	9,488.95	5,415.00	1,987.50	491.16

	Carrying Amounts 1st April, 2016	Contractual cash flows				
		Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	9,578.51	9,578.51	-	5,827.00	2,362.50	1,389.01
Short term borrowings	4,129.89	4,129.89	4,129.89	-	-	-
Trade payables	859.56	859.56	844.17	15.39	-	-
Other current financial liabilities	2,357.02	2,357.02	2,357.02	-	-	-
Total non-derivative liabilities	16,924.98	16,924.98	7,331.08	5,842.39	2,362.50	1,389.01

The inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to financial liabilities held for liquidity / credit management purposes and which are not usually closed out before contractual maturity.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives like forward contracts to manage market risk on account of foreign exchange. All such transactions are carried out within the guidelines set by the Board of Directors.

v. Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and small exposure in EUR and GBP. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the hedges is to minimise the volatility of the INR cash flows of highly probable forecast transactions by hedging the foreign exchange inflows on regular basis.

Currency risks related to the principal amounts of the Company's foreign currency payables, have been partially hedged using forward contracts taken by the Company.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows(amounts in lakhs)

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	USD	EUR	USD	EUR	USD	EUR
Financial assets						
Trade receivables	149.56	-	308.62	29.12	61.61	26.93
Other payables	299.04	-	-	-	-	-
Payable for capital goods	-	-	-	-	375.15	-
Net statement of financial position exposure	448.60	-	308.62	29.12	436.76	26.93

The following significant exchange rates have been applied

	Average Rates		Year end spot rates		
	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017	1st April, 2016
USD 1	64.33	64.43	64.09	64.05	65.87
EUR 1	79.31	79.41	79.07	79.03	80.85

Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 31st March, 2018 and 31st March, 2017, the Company's borrowings at variable rate were denominated in Indian Rupees and US Dollars.

Currently the Company's borrowings are within acceptable risk levels, as determined by the management, hence the Company has not taken any swaps to hedge the interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	Nominal Amount		
	As at 31st March, 2018	As at 31st March, 2017	As at 01st April, 2016
Fixed-rate instruments			
Financial assets	238.05	233.78	180.42
Financial liabilities	19.75	14.20	1.29
	<u>257.80</u>	<u>247.98</u>	<u>181.71</u>
Variable-rate instruments			
Financial assets	-	-	-
Financial liabilities	14,695.61	16,668.05	16,471.09
	<u>14,695.61</u>	<u>16,668.05</u>	<u>16,471.09</u>

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
31st March, 2018				
Variable-rate instruments	73.48	(73.48)	49.18	(49.18)
Cash flow sensitivity	73.48	(73.48)	49.18	(49.18)
31st March 2017				
Variable-rate instruments	83.34	(83.34)	55.79	(55.79)
Cash flow sensitivity	83.34	(83.34)	55.79	(55.79)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

42 First Time Adoption of Ind AS

As stated in note 2, these are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS statement of financial position at 1 April 2016 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Previous GAAP. An explanation of how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Exemptions and exceptions availed

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

A. Ind AS optional exemptions

(i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

(ii) Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

B. Ind AS mandatory exceptions

(i) Estimates

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

Ind AS estimates as at 1 April, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

(ii) Classification and measurement of financial assets

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

C. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity

Particulars	Notes to first-time adoption	As at 1st April, 2016			As at 31st March, 2017		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, Plant and Equipment	1	20,262.95	(66.56)	20,196.39	19,734.41	(66.56)	19,667.85
Capital work-in-progress		199.33	-	199.33	20.30	-	20.30
Other Intangible Assets		60.83	-	60.83	48.44	-	48.44
Intentible Assets under development		24.52	-	24.52	48.40	-	48.40
Financial assets							
(i) Other Non-Current Financial assets		188.94		188.94	242.31		242.31
Other non-current assets		417.27		417.27	413.76		413.76

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

Particulars	Notes to first-time adoption	As at 1st April, 2016			As at 31st March, 2017		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
Current assets							
Inventories		5,967.31	-	5,967.31	6,933.84	-	6,933.84
Financial assets							
(i) Trade receivables		2,632.52	-	2,632.52	3,928.17	-	3,928.17
(ii) Cash and cash equivalents		144.04		144.04	48.14		48.14
(iii) Bank balances other than (ii) above		54.23		54.23	15.47		15.47
(iv) Other current financial assets	1	359.26	66.56	425.82	238.99	63.40	302.39
Current Tax Assets (Net)		465.00		465.00	175.51		175.51
Other current assets		456.05	-	456.05	338.78		338.78
TOTAL ASSETS		31,232.25	-	31,232.25	32,186.52	(3.16)	32,183.36

Particulars	Notes to first-time adoption	As at 1st April, 2016			As at 31st March, 2017		
		Previous GAAP*	Adjustments	Ind AS	Previous GAAP*	Adjustments	Ind AS
EQUITY AND LIABILITIES							
Equity							
Equity share capital		720.11	-	720.11	720.11		720.11
Other equity	4,5	9,793.70	-	9,793.70	10,412.26	(3.16)	10,409.10
LIABILITIES							
Non-current liabilities							
Financial liabilities							
(i) Borrowings	1	9,578.51	-	9,578.51	7,893.66	-	7,893.66
Provisions		213.26	-	213.26	246.97	-	246.97
Deferred tax liabilities (net)	3	2,121.69	-	2,121.69	2,176.06	-	2,176.06
Current liabilities							
Financial liabilities							
(i) Borrowings		4,129.89	-	4,129.89	5,409.49	-	5,409.49
(ii) Trade payables		859.56		859.56	1,579.18	-	1,579.18
(iii) Other financial liabilities		2,357.02		2,357.02	2,500.28		2,500.28
Other current liabilities	1	89.75		89.75	64.37		64.37
Provisions	2	1,001.04		1,001.04	1,161.21	-	1,161.21
Current Tax Liabilities	2	367.72		367.72	22.93	-	22.93
TOTAL EQUITY AND LIABILITIES		31,232.25	-	31,232.25	32,186.52	(3.16)	32,183.36

* *The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

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

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Revenue				
Revenue from operations		41,014.35	85.05	41,099.40
Other income		389.12	-	389.12
Total income		41,403.47	85.05	41,488.52
Expenses				
Cost of materials consumed		26,579.42	-	26,579.42
Changes in inventories of finished goods, stock-in-Trade and work-in-progress		(1,363.94)	-	(1,363.94)
Employee benefits expense	2	4,404.12	(16.09)	4,388.03
Finance costs	1	1,487.48	7.10	1,494.58
Depreciation and amortization expense	3	1,628.79	(3.94)	1,624.85
Other expenses		7,597.07	85.05	7,682.12
Total Expenses		40,332.94	72.12	40,405.06
Profit/(loss) before exceptional items and tax		1,070.53	12.93	1,083.46
Exceptional Item		222.09		222.09
Profit/ (loss) before tax		848.44	12.93	861.37
Tax expense:				
Current tax		175.51		175.51
Income Tax related to earlier years		54.37	5.32	59.69
Deferred tax	3	-		
Profit/ (loss) for the period (A)		618.56	7.61	626.17
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plans	2	-	(16.09)	(16.09)
Income tax relating to remeasurement of defined benefit plans	3	-	5.32	5.32
Total other comprehensive income for the period (B)		-	(10.77)	(10.77)
Total comprehensive income for the period (A + B)		618.56	(3.16)	615.40

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total equity as at 31st March, 2017 and 1st April, 2016

Particulars	Notes to first-time adoption	31st March, 2017	1st April, 2016
Total equity (shareholder's funds) as per previous GAAP		11,132.37	10,513.81
Adjustments:			
Impact of Effective Interest Rate on PPE and Depreciation thereon	1	(3.16)	-
Total adjustments		(3.16)	-
Net impact brought forward from Opening balance sheet		-	-
Total equity as per Ind AS		11,129.21	10,513.81

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

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

Particulars	Notes to first-time adoption	Amount
Profit after tax under India GAAP		618.56
Adjustments		
Impact of Effective Interest Rate on PPE and Depreciation thereon	1	(3.16)
Remeasurement of defined benefit plans (Net of deferred tax)	2	(10.77)
Total adjustments		(13.93)
Profit after tax as per Ind AS		604.63
Other Comprehensive Income (Net of deferred tax)	2,3,5	(10.77)
Total Comprehensive income for the year		615.40

Impact of Ind AS adoption on the statements of cash flows for the year ended 31st March, 2017

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Net cash flow from operating activities		2,138.30	-	2,138.30
Net cash flow from investing activities		(642.98)	-	(642.98)
Net cash flow from financing activities		(1,591.22)	-	(1,591.22)
Net increase/(decrease) in cash and cash equivalents		(95.90)	-	(95.90)
Cash and cash equivalents as at 1 April 2016		144.04	-	144.04
Cash and cash equivalents as at 31 March 2017		48.14	-	48.14

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

D. Notes to first-time adoption:

1 Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit or loss and capitalised under PPE as and when incurred. Accordingly, borrowings as at 31st March, 2017 have been reduced by Rs. 7.10 (1st April, 2016 – Rs. 66.56) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount of retained earnings. The profit for the year ended 31st March, 2017 reduced by Rs. 7.10 (Gross) as a result of the additional interest expense.

2 Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. As a result of this change, the profit for the year ended March 31st, 2017 increased by Rs. 16.09 (Net of tax Rs. 10.77) There is no impact on the total equity as at 31st March 2017.

3 Deferred Tax

Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

(All amounts are in Rupees Lakhs, unless otherwise stated)

4 Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

5 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in the statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and tax thereon. The concept of other comprehensive income did not exist under previous GAAP.

- 43 Balances of certain trade receivables, advances, trade payables and other liabilities are in the process of confirmation and/or reconciliation.

44 Segment Reporting

According to Ind AS 108, identification of operating segments is based on Chief Operating Decision Maker (CODM) approach for making decisions about allocating resources to the segment and assessing its performance. The business activity of the company falls within one broad business segment viz. "Textile" and substantially sale of the product is within the country. The Gross income and profit from the other segment is below the norms prescribed in Ind AS 108. Hence, the disclosure requirement of Ind AS 108 of 'Segment Reporting' is not considered applicable.

45 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The following table summarises the capital of the Company :

Particulars	31.03.2018	31.03.2017	01.04.2016
Equity Share Capital	720.11	720.11	720.11
Other Equity	11,009.72	10,409.10	9,793.70
Total Equity	11,729.83	11,129.21	10,513.81
Non-Current Borrowings	6,179.59	7,893.66	9,578.51
Current maturities of Non-Current Borrowings	1,893.22	1,689.55	1,381.99
Current Borrowings	4,749.33	5,409.49	4,129.89
Total Debts	12,822.14	14,992.70	15,090.39

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For **Jitendra K. Agarwal & Associates**

Chartered Accountants

Firm Reg. No. 318086E

Kuldeep Maloo

Partner

Membership No. 515708

Place : Kolkata

Dated : 28th May, 2018

P K DAGA

Chairman and Managing Director

S B SHARDA

Chief Financial Officer & President

PUNEETA ARORA

Company Secretary

For and on behalf of the Board of Directors

of **Deepak Spinners Limited**

YASHWANT KUMAR DAGA

P K DROLIA

BINOD KUMAR AGRAWAL

NILU AGRAWAL

Directors

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