

DSL/PA/2021

30TH August 2021

To,

Corporate Relationship Department
BSE Limited
P. J. Towers, Dalal Street,
Mumbai – 400 001.

Sirs,

Subject: Annual Report for the year 2020-21
Scrip Code - 514030

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find annexed herewith Annual Report of the Company for the year 2020-21.

The Annual Report of the Company for the year 2020-21 is being sent electronically to those shareholders whose email IDs are registered with the Company / Registrar and Share Transfer Agent and the Depositories.

The Annual Report of the Company for the year 2020-21 is also being uploaded on the website of the Company, i.e., www.dsl-india.com.

You are requested to take the same on your record.

FOR DEEPAK SPINNERS LIMITED



(PUNEETA ARORA)
COMPANY SECRETARY

Encl. : as above



39th
ANNUAL REPORT
2020-21

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, Non-Executive Director
Shri Shantanu Daga – Joint Managing Director
Shri Pradeep Kumar Drolia, Non-Executive Independent Director
Smt. Nilu Agrawal, Non-Executive Independent Director
Shri Anand Prasad Agarwalla, Non-Executive Independent Director

Administrative Office

Plot No. 194-195, Fourth Floor, Industrial Area,
Phase II, Chandigarh – 160002.

Shri Upendra Kumar Pattnaik, President
Shri P. C. Sharma, Chief Financial Officer
Shri R. A. Sharma, Vice President (Purchase)
Shri M. S. Shekhawat, Vice President (Sales)

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)
Shri H. K. Tiwari, Asst. Vice President (Personnel & Administration)

Guna Works

Village: Pagara
Tehsil & Distt. Guna, Madhya Pradesh

Shri H. S. Sharma, Vice President (Works)
Shri Y. K. Singh, Asst. General Manager (Personnel & Administration)
A. L. Shaikh Asst. Vice President (Power Plant)

Company Secretary

Smt. Puneeta Arora

Bankers

State Bank of India

Auditors

M/s. JKVS & Co.
Formerly known as M/s. Jitendra K. Agarwal & 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

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BOARD'S REPORT

Dear Shareholders,

The Board of Directors are pleased to present their 39th Report of the business and operations of your Company together with the Audited Financial Statements for the year ended 31st March 2021.

1. Financial Results (₹ in Lakhs)

Profit before Depreciation & Tax	3729.91
Less : Depreciation	1604.74
Tax Expense	
-Current year	570.00
-Deferred Tax	(13.83)
Add: Other Comprehensive Income	(13.08)
Total Comprehensive Income for the year	1555.92
Transfers and appropriations:	
Proposed dividend	143.79
Balance carried forward to Reserves and Surplus	1412.13

The above figures are extracted from the audited financial statements as per Indian Accounting Standards (Ind AS). There has been no change in the nature of business activities of the Company during the year.

2. Dividend

The Board of Directors has recommended a dividend of 20% that is, Rs. 2/- (Rupees Two Only) per equity share of the face value of Rs. 10/- each for your approval which will be subject to applicable tax in the hands of shareholders. This dividend will be paid when approved by the shareholders in accordance with law and would involve a cash outflow of Rs. 143.79 lacs.

3. General Review

Your Company, as a standard policy, has been undertaking modernisation and technological upgradation on a regular basis. During the year under review, investment, excluding capital work in progress, in excess of Rs 100.00 lacs has been made on this front. The 66KV electricity connection at Baddi plant continues to be hampered as a direct fallout of various restrictions imposed from time to time due to Covid 19. However, it is hoped that normalcy will soon resume and accordingly this work is

expected to be completed and commissioned during the first half of the current financial year. As a matter of cautious optimism, your Company is taking a conservative approach towards further capital investment in view of continued uncertainties. Limited investments by way of balancing equipment and essential work will however be undertaken.

The Covid 19 pandemic has had world wide repercussions bringing about uncertainties in every market, geographical as well as sectoral. Your Company views such uncertainties as opportunities in the making and with improved financials, will actively consider further capital investments for achieving enhanced productivity, cost efficiencies and improving quality of our product.

4. Credit Rating

The Company has got the following credit rating from M/s. India Ratings & Research Private Limited on 2nd July 2020.

Facility	Sanctioned Limit (million)	Rating / Outlook
Fund Based Limits	INR 600	IND BBB / Stable
Fund Based Limits	INR 50	IND A3+
Non Fund Based Limits	INR 60	IND A3+
Long Term Loans	INR 340	IND BBB / Stable
COVID-19 Emergency Credit Line (Term Loan)	INR 60	IND BBB / Stable

5. Internal Financial Control Systems

The Company has in place proper policies and procedures designed to ensure sound management of your company's operations. Internal Financial Control System commensurate with the size, scale and nature of its operations. The Internal Financial Control Systems of the Company are appropriate for safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. During the year under review, the Company has not come across any incidence of fraud. The Company has adopted accounting policies, which are in line with the applicable accounting standards and the Companies Act, 2013. Systems and

procedures are periodically reviewed to keep pace with the changing circumstances.

Internal Audit is conducted by independent Chartered Accountants, on quarterly basis. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company. Based on the reports of the Internal Auditors, the respective departments undertake corrective actions in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board of Directors.

6. 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. J K V S & Co., Chartered Accountants (formerly Jitendra K Agarwal & Associates) (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, subject to ratification of their appointment by the members at every Annual General Meeting held thereafter.

However, as per the notification dated 7th May 2018, issued by Ministry of Corporate Affairs, the appointment of Statutory Auditors was not required to be ratified by members of the Company in every Annual General Meeting. Hence, the resolution seeking ratification of the Members for their appointment is not being placed at the ensuing Annual General Meeting.

7. 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.

8. 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 2019-20. 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 reports. 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.

9. 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 2021-22.

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, In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) (ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, necessary resolution is proposed for ratification for the remuneration payable to M/s. Shakti K. & Associates, Cost Auditors in the Notice convening the 39th Annual General Meeting.

10. Directors and Key Managerial Personnel (KMP)

- (i) Shri Binod Kumar Agrawal, Independent Non-Executive Director and Shri S. B. Sharda, Whole Time Director and Chief Financial Officer of the Company left for their heavenly abodes during the year. The Board of Directors wish to place on record its deep appreciation for the valuable services rendered by them during their tenure with the Company.

- (ii) Pursuant to Section 152 of Companies Act, 2013 and Articles of Association of the Company, Shri Pradip Kumar Daga (DIN 00040692), 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) read with the Secretarial Standard 2 are provided in the Notice of the 39th Annual General Meeting.
- (iii) In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Audit Committee, Shri Shantanu Daga (DIN 08757724), Sr. Management Executive of the Company has been appointed as Joint Managing Director of the Company for a period of three years with effect from 9th November 2020, till 8th November 2023, subject to confirmation of shareholders in the forthcoming Annual General Meeting. A suitable resolution in this behalf is being proposed at the forthcoming Annual General Meeting for the approval of the members, for his appointment as Joint Managing Director of the Company. The brief resume and other details as required under the Listing Regulations are provided in the Notice of the 39th Annual General Meeting
- (iv) On the recommendations of Nomination and Remuneration Committee, the Board of Directors has appointed Shri Anand Prasad Agarwalla as an Additional Director of the Company in the Category of Independent Non-Executive Director with effect from 10th November 2020 for a period of five consecutive years till 9th November 2025, subject to consent of shareholders in the ensuing Annual General Meeting of the Company. The brief resume and other details as required under the Listing Regulations are provided in the Notice of the 39th Annual General Meeting.
- (v) Shri Upendra Kumar Pattnaik has been appointed as President of the Company in the category of a Key Managerial Personnel. Shri Punam Chand Sharma, Deputy Vice President (Accounts) has been appointed as Chief Financial Officer of the Company.

(b) Statement on declarations given by Independent Directors

Necessary 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 Regulation 25 read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

All the Independent Directors are compliant of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014

(c) Meetings of Board of Directors

During the year, six Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between any two consecutive meetings did not exceed the gap prescribed by the Companies Act, 2013 and the Listing Regulations.

(d) Committees of the Board

As on 31st March 2021, the Board had four Committees – the Audit Committee, the Corporate Social Responsibility Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship Committee. During the year, all recommendations made by the Committees were approved and accepted by the Board.

A detailed note on the composition of the Board and its Committees is provided in the Corporate Governance Report.

(e) 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 of the working of its various Committees. The Board on the recommendations of the Nomination and Remuneration Committee lays down the evaluation criteria for evaluation. 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.

11. Directors' Responsibility Statement

The Board of Directors acknowledge the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 in the preparation of the annual accounts for the year ended on 31st March 2021 and 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.

12. 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.

13. Vigil Mechanism

Pursuant to Section 177(9) of the Companies Act, 2013, read with Rule 7 of the Companies (Meetings of board and its Powers) Rules, 2014 and Regulation 22 of listing Regulations, the Company has in place a Policy for Vigil Mechanism for reporting of concerns of any wrongful conduct with respect to the Company or its business or affairs. The policy provides a framework and process whereby concerns can be raised by its employees and directors against any kind of malpractices, fraud, violation of Company's policies or rules, misappropriation of monies and other matters on account of which the interest of the Company is affected or is likely to be affected. The policy of Vigil Mechanism is an internal policy, to make protected disclosures on a confidential basis, in good faith and to raise concerns to be appropriately dealt with. The policy provides that all protected disclosures can be addressed

to the Vigil Officer or the Chairman, Audit Committee in certain cases.

Adequate safeguards are provided against the victimization of those 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 2020-21.

The Policy on Vigil Mechanism is also posted on the Company's website www.dsl-india.com.

(weblink:

http://www.dsl-india.com/wp-content/uploads/2019/05/DSL_Vigil_Mechanism.pdf)

14. Risk Management Policy

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. Several factors such as advancements in technology, prevalent geo-political environment, stringent regulatory and environmental requirements have consequential impacts across the value chain of a business. 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. 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.

15. Nomination and Remuneration Policy

The Board has on the recommendations of the Nomination and Remuneration Committee adopted a policy for selection and appointment of Directors, KMP and Senior Management and their remuneration. During the year, there have been no changes to the Policy. The extract of Company's Remuneration Policy are attached as 'Annexure-III' and forms part of this report of the Board of Directors. The weblink of the said policy on the Company's website is http://www.dsl-india.com/wp-content/uploads/2021/07/Nomination_and_Remuneration_Policy.pdf

16. Related Party Transactions

During the financial year 2020-21, all contracts / arrangements / transactions entered into by your Company with Related Parties 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 could be foreseen and are of repetitive nature for a period of one year. The transactions entered into pursuant to the omnibus approval so granted for review 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.

17. 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 39th Annual General Meeting and up to the date of the said Annual General Meeting during business hours on working days.

- c) No employee, other than the Chairman and Managing Director by himself or along with his relatives 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. The Company is compliant of all the provisions relating to the constitution of an Internal Complaint Committee under the said Act and rules thereunder.

18. 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 Chapter V of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

19. 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.

20. Management Discussion and Analysis Report

A report for the year under review as required under Regulation 34 and as stipulated under Part B of Schedule V of Listing Regulations, is annexed herewith and forms part of this report.

21. Corporate Governance :

A report on Corporate Governance as required under Regulation 34 and as stipulated in

Part C of Schedule V of Listing Regulations is annexed herewith and forms part of this report. Compliance Certificate issued by Statutory Auditors of the Company, regarding compliance of Corporate Governance is also annexed.'

22. Annual Return

The weblink of the Annual Return placed on the website of the Company is http://www.dsl-india.com/wp-content/uploads/2020/12/Annual_Return_2021.pdf

23. 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 – V' to form part of this report.

24. 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.

25. Compliance with Secretarial Standards

The Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

26. Acknowledgement

We express our sincere appreciation and thank our valued stakeholders of the Company, viz., shareholders, customers, Bankers, stakeholders and business associates for support received from them during the year. We thank 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 loyal services and continued contribution to the Company's well-being rendered by each and every employee and workmen of the Company at all levels.

P. K. Daga

Chairman and Managing Director
(DIN 00040692)

Pradeep Kumar Drolia

Director
(DIN 00291966)

Yashwant Kumar Daga

Director
(DIN 00040632)

Nilu Agrawal

Director
(DIN 03107052)

Shantanu Daga

Joint Managing Director
(DIN 08757724)

Anand Prasad Agarwalla

Director
(DIN 00312652)

Place : Chandigarh
Date : 23.06.2021

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT

India's Textile Sector is driven by the country's abundant availability of raw materials and labor, with the market size standing at USD 140.4 billion in 2020 and expected to grow to USD 223 billion by 2021. Textiles add tremendous economic value for India, both in the form of 2% contribution to the Gross Domestic Product (GDP) as well as through substantial employment throughout the country.

The year 2020-21 was an unprecedented year of social and business upheaval across the world. The Covid -19 outbreak rattled the global economy and triggered a recession, the deepest since the Second World War. Curtailment measures such as transport suspension, travel bans, quarantines, social distancing and remote work massively restricted economic activity.

As a consequence of slow down, like other sectors, the overall textile consumption in world shrunk as reflected from the declining textiles and clothing (T&C) imports in USA and other leading importing markets like EU and Japan. It is difficult to estimate likely drop in T&C trade volume but recent data of USA T&C import trends shows decline of more than 18% of T&C imports from world during Jan-April 2020. Import from China declined by 41% and imports from India declined by 8% during same period. Decline in US T&C imports will lead to overall disruption in Global supply chain.

India, a developing nation, with a population of 1.4 billion was amongst the hardest hit nations by pandemic. The Government, on its part to rescue economy, injected about 15% of the GDP in fiscal stimulus. By May 2020, lock down restrictions were eased. The pace of shrinkage eased to 7.5% in the three months from June 2020 to September 2020. Rising Government focus and favorable policies is helping growth in the textiles industry.

OPPORTUNITY AND THREATS

India's man-made fibers (MMF) are known for their workmanship, colors and durability. India has set up world class manufacturing plants and is continually innovating its MMF industry to tap global markets. India has abundant supply of raw material, skilled labour and a strong domestic market. It is the largest producer of cotton, and the second largest producer

of man-made fibres — polyester and viscose.

GST on Man-made fibres (MMF) is 18 per cent for fibre and 12 per cent for yarn. However, GST on cotton is uniformly 5 per cent for fiber, yarn and fabric. This inverted tax structure makes MMF products costly. Several representations have been made to the concerned authorities from the association level and we are hopeful that this inverted structure will be rectified by the government.

Since past few years, there is a global shift in fashion towards MMF. About 72 per cent of the global textile fibre consumption is MMF. In order to make its MMF products competitively priced in global markets, India needs to have a fibre neutral tax policy. Lack of duty-free access to major markets is the major disadvantage India has vis-à-vis many competing countries.

The global demand for MMF is expected to grow in future primarily driven by increasing consumption of MMF due to limited cotton production and supply, increasing demand for MMF products due to increasing population, relatively high cotton prices and increasing applications of synthetic fibres into technical textiles and other industrial applications. Owing to Covid times and necessities, India has become the second largest producer of PPE kits and N-95 masks for which MMF is the main raw material.

India is competitively positioned in terms of low labour and power cost against most of the competing countries. There is increasing trend in USA and Europe towards shifting textile business from China to other countries like, India, Vietnam, Bangladesh, etc. This can open up new opportunities to India.

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 MMF textile industry.

SEGMENTAL REVIEW AND ANALYSIS

Your Company continues to operate in one segment only – synthetic yarn. The Company is upgrading its electricity supply from 11 KV to 66KV at the Baddi Unit of the Company. This work has been delayed due to reasons arising from Covid 19 issues. However, Company is pursuing the same and barring severe restrictions arising from Covid 19 issues, we hope to complete and commission during current

financial year. Once the line becomes operational, it will ensure improved supply of power and savings for the Company in cost.

Production resumed at both units in the month of April 2020, gradually rising to peak levels by July 2020. Once the textile markets reopened, demand returned strongly, with the momentum carrying through until February.

OUTLOOK

The Covid 19 disruptions impacted the entire textile supply chain, whether synthetics or natural fibers. However, post lock down, the scenario improved drastically. Covid 19 has increased the demand for PPE kits and N-95 masks manifolds, thereby increasing the rise in demand for MMF for their manufacture. The average market size of this newly created industry is around Rs. 7000 crores. Also, pandemic induced work-from-home situation has increased the demand for low cost and low maintenance MMF products.

More and more demand for fitness apparel, 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. The rapid deterioration of the global economic outlook following the pandemic has severely impacted demand and margins. The major focus of the industry will be on cost cutting measures, improving productivity and quality and reduction in wastage.

RISKS AND CONCERNS

Major concern is volatility in prices of raw materials and consequently in prices of finished products. Due to Covid situation, there is increasing shift towards online business and price sensitive products are more in demand as fashion clothing demand has dropped due to restricted attendance in functions and increased work from home culture.

India, unlike a few other Asian countries such as Bangladesh, Sri Lanka, Vietnam, lacks major Free Trade Agreements with large importers of textile and apparels. India's FTA negotiation with EU has remained suspended since 2013.

Textile industry in India grapples with domestic

issues including inflexible labour laws, infrastructure bottleneck and a fragmented nature of the industry.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

Internal Controls in your Company have been designed to further the interest of all stakeholders by providing an environment which takes care of, inter alia, financial and operational risks. The Company's internal control systems and procedures commensurate with the size and nature of its operations. The Company has adequate system of Internal Control to ensure that the resources of the Company are used efficiently and effectively, all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly, financial and other data are reliable for preparing financial information and other data and for maintaining accountability of assets. The company's internal control system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending issues are addressed promptly.

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. The Audit Committee reviews the Internal Audit Reports and effectiveness of the Internal Control Systems. If required, the corrective actions are taken and the controls strengthened.

FINANCIAL PERFORMANCE

- The report of the Board of Directors may be referred to for financial performance.
- Details of significant changes (i.e. changes as compared to the immediately previous financial year) in key financial ratios -

Ratios	F.Y. 2020-21	F.Y. 2019-20	Change (%)
Debtors Turnover Ratio	12.69	14.10	(10.00)
Inventory Turnover Ratio	3.37	3.64	(7.42)
Interest Coverage Ratio	6.93	4.04	71.53
Current Ratio	1.41	1.12	25.89
Debt Equity Ratio	0.34	0.59	42.37
Operating Profit Margin (%)	6.94	4.73	46.72
Net Profit Margin (%)	5.36	2.69	99.26
Return on Net Worth (%)	9.90	10.44	(5.17)

HUMAN RESOURCES

The employees on roll in the Company as on 31st March 2021 were 3130 (3323 as on 31st March 2020). Relations with the employees were cordial throughout the year.

The Company is committed to nurturing a cordial and diversified work environment and maximizing the potential of its workforce. The Company continuously nurtures this environment to keep its employees highly motivated and result oriented. Effective Human Resource Practices enable building a stronger performance culture.

The Company took measures to protect its employees during Covid-19 pandemic. The Company introduced safety norms, created continuous awareness about the pandemic and introduced preventive and safety measures including workplace sanitization, thermal screening, demarcation of work areas, etc.

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, 2021

[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, Distt: 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, 2021 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, 2021 under the provisions of below mentioned regulations:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 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 (Share Based Employee Benefits) Regulations 2014: Not Applicable as the company has not provided any share based employee benefits during the financial year.
 - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not Applicable to the company during the financial year under review.
 - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018: Not Applicable as there was no instance of Buy-Back during the financial year.
 - f) The erstwhile 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 (Delisting of Equity Shares) Regulations, 2009 including the amendments thereof- Not applicable as the company has not delisted any securities from any stock exchange 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 ('LODR Regulations'), 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 as at the end of the audit period. The changes in the composition of the Board of Directors that took place during the year, were carried out in compliance with the applicable Act and Regulations except that the company could not appoint six (6) directors on the Board of Directors as per Regulation 17 (1) (c) of LODR Regulations during the first quarter ended on June 30, 2020 due to the inability to identify suitable candidate amidst the ongoing pandemic, which was rectified by appointment of a director w.e.f. 12.08.2020.

Further the non-compliance under Regulation 17(1) for the quarter ended on September 30, 2020, regarding composition of the Board was on account of demise of a director of the company by the end of quarter on September 30, 2020. As on the end of the said quarter, the company still had time to fill the vacancy in the office of Independent Director as per Regulation 25 (6) of LODR Regulations. It may be noted that the BSE Limited imposed penalties on the company for non-compliance under Regulation 17 (1) of LODR Regulations for both the aforesaid quarters, which were subsequently withdrawn based on merits of the situation. Our opinion is not qualified in this regard.

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

I further report that during the audit period, one of the promoters has acquired additional shares of the company from another promoter. The said acquisition was made on 26.03.2021, under Regulation 10 (1) (a) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. The reports/

prior intimation of such acquisition as required to be filed under Regulations 10(5) of the said regulations are not submitted within the prescribed timelines.

I further report that during the financial year under review, 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 & CO.**
Company Secretaries

AJAY K. ARORA
(Proprietor)
FCS No. 2191
C P No.: 993
UDIN: F002191C000503230

Place: Chandigarh
Date : 23.06.2021

Annual Report on Corporate Social Responsibility (CSR) Activities

- 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

- The Composition of the CSR Committee:**

Sr. No.	Name of the Member	Designation / Nature of Directorship	Number of meeting of CSR Committee held during the year	Number of meeting of CSR Committee attended during the year
1.	Shri Yashwant Kumar Daga	Chairman / Non-Executive Non-Independent Director	2	2
2.	Shri Pradeep Kumar Drolia	Member / Non-Executive Independent Director	2	2
3.	Shri Binod Kumar Agrawal (Till 28.09.2020)	Member / Non-Executive Independent Director	2	1
4.	Smt. Nilu Agrawal (w.e.f. 09.11.2020)	Member / Non-Executive Independent Director	2	1

- CSR Policy, Composition of CSR committee and CSR projects approved by the Board of Directors can be perused on the following website :**

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

Composition of CSR Committee –

http://www.dsl-india.com/wp-content/uploads/2021/07/Composition_of_CSR_Committee.pdf

CSR Projects –

http://www.dsl-india.com/wp-content/uploads/2021/07/CSR_Programmes_Approved_in_2020-21.pdf

- Details of Impact Assessment of CSR Projects carried out in pursuance of Rule 8 (3) of the Companies (Corporate Social Responsibility Policy) rules, 2014, if applicable - Not Applicable.**
- Details of amounts available for set off in pursuance of Rule 7(3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amounts required to be set off for the financial year ending on 31.03.2021 - Nil**
- 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)
2017-18	668
2018-19	2287
2019-20	1275
Total	4230
Average Net Profits	1410

7.	(a)	Two percent of average net profit of the Company as per Section 135(5)	₹ 28.20 Lakhs
	(b)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
	(c)	Amount required to be set off for the financial year, if any	Nil
	(d)	Total CSR Obligation for the financial year	₹ 28.20 Lakhs

8. (a) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year (Rs. In Lakhs)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (Rs. In Lakhs)	Date of Transfer	Name of Fund	Amount (Rs. In Lakhs)	Date of transfer
2.14	28.58	28.04.2021	-----Nil-----		

(b) Details of CSR amount spent against ongoing projects for the financial year :-

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
S. No	Name of the Project	Item from the list of activities in Schedule VII of the Act.	Local Area (Yes/ No)	Location of the Project		Project Duration	Amount allocated for the Project (Rs. In Lakhs)	Amount Spent in the current financial year (Rs. In Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs. In Lakhs)	Mode of Implementation	Mode of implementation Through Implementing Agency	
				State	District					Direct (Yes/No)	Name	CSR Registration Number
1.	Civil work on cremation ground, at Baddi	Promoting preventive healthcare and sanitation	Yes	Himachal Pradesh	Solan	3 years	29.85	1.00	28.58 *	Yes	--	--
	TOTAL			6,00,000			29.85	1.00	28.58 *			

Note : * Rs. 0.27 Lakhs was spent after 31.3.2021 before transferring unspent amount to Unspent CSR Account on 28.4.2021.

(c) Details of CSR amount spent against other than ongoing projects for the financial year :-

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
S. No	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes / No)	Location of the Project		Amount spent for the project (Rs. In Lakhs)	Mode of implementation Direct (Yes / No)	Mode of implementation Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Civil works at Government School, Village Pagara, Guna	Promoting Education	Yes	Madhya Pradesh	Guna	1.14	Yes	--	--
	TOTAL					1.14			

(d)	Amount spent in Administrative Overheads	Nil
(e)	Amount spent on Impact Assessment, if applicable	Not Applicable
(f)	Total amount spent for the Financial Year (8b + 8c + 8d +8e)	Rs. 30.99 Lakhs

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the Company as per Section 135(5)	Rs. 28.20 Lacs
(ii)	Total amount spent for the Financial Year	Rs. 30.99 Lakhs
(iii)	Excess amount spent for the Financial Year [(ii) – (i)]	Rs. 2.79 Lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii) – (iv)]	Rs. 2.79 Lakhs

9. (a) Details of Unspent CSR amount for the preceding three financial years : Nil

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s)

- Not Applicable, as the concept of 'ongoing projects' has been introduced in the CSR Amendment rules, applicable from financial year ending 31.03.2021.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year. (asset wise details)

(a)	Date of creation or acquisition of the capital asset (s)	Nil
(b)	Amount of CSR spent for creation or acquisition of capital asset.	
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered , their address etc.	
(d)	Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	

11. The Company has spent 2% of the average net profit as per Section 135(5).

Date : 23.06.2021	P. K. Daga (Chairman and Managing Director) (DIN 00040692)	Yashwant Kumar Daga (Chairman CSR Committee) (DIN 00040632)
Place : Chandigarh		

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.
- Recommend to the Board, all remuneration in whatever form, payable to senior management.

Guiding Principles for Appointment and Removal of Director, KMP and Senior Management

- 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 2020-21

Sr. No.	Name of Director	Remuneration of Directors for financial year 2020-21 (₹ In Lacs)	Ratio of remuneration of each Director to median remuneration of employees
1.	Shri Pradip Kumar Daga, Chairman and Managing Director	93.02	86.06
2.	Shri Yashwant Kumar Daga	4.30	3.98
	Shri Shantanu Daga	25.35	--
3.	Shri Pradeep Kumar Drolia	4.35	4.02
4.	Smt. Nilu Agrawal	3.98	3.68
5.	Shri Binod Kumar Agrawal (ceased to be director on 28.09.2020)	2.15	--
6.	Shri Anand Prasad Agarwalla	1.60	--
7.	Shri S. B. Sharda (ceased to be director on 14.10.2020)	1.83	--

Note : 1. Ratio of remuneration of each Director to the median remuneration is not calculated for Directors who were with the Company for a part of the financial year 2020-21.

Directors - There was no increase in their remuneration.

ii) Key Managerial Personnel

Increase in remuneration of Shri Pradip Kumar Daga, Chairman and Managing Director was 10%.

Increase in remuneration of Smt. Puneeta Arora, Company Secretary was 10%.

Shri U. K. Pattnaik, President and Shri P. C. Sharma, Chief Financial Officer were appointed during the year. Therefore, previous year figures are not available for comparison with current year remuneration.

iii) There was an increase of 11.37% in the median remuneration of employees in the financial year 2020-21.

iv) There were 3130 number of permanent employees on the roll of the Company as on 31.03.2021.

v) Average salary increase of employees other than Key Managerial Personnel in the last financial year, i.e. 2020-21 was about 9.06%. Average increase in the remuneration of Key Managerial Personnel was about 10%. The increase in remuneration was in line with the industry benchmark and cost of living index. There are, no exceptional circumstances for increase in managerial remuneration.

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.

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 –

1. Stopped 50 percent Humidification Plant and run single Humidification plant in Preparatory Section, Ring Frame Section and Post Spinning Section during the winter season.
2. Stopped one Steam Dryer in dye house from March 2021 will result in electricity saving of approximately 3000 Units per month.
3. Reduced the Compressor pressure setting from 6.5 Bar to 6 Bar and saved approximately 100 Units/Day.
4. Increased approximately 250 units/day load on the turbine.
5. Modified fuel feeding system of Power plant, saved 3.7 Kwh per annum.
6. Modified waste collection system, replacing two WCS of 140 Kwh by a single WCS of 125 Kwh.
7. Stopped the Steam in Mixing (U-1 To U-4) and approximate steam saving 36 Kg per hour.

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

c) The Capital investment on energy conservation equipments

No capital investment was made in particular on energy conservation equipment.

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.

b) Benefits derived as a result of above efforts -

- (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 | - N.A. |

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)	2945
Foreign Exchange used (outflow)	65

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

Corporate Governance has always been intrinsic to the management of the business and affairs of our Company. The Company's governance practices are self-driven. The Company is committed to adopt and implement best corporate governance practices at all times. We aim at fostering and sustaining a culture that demonstrates highest standard of ethical and responsible business conduct.

2) BOARD OF DIRECTORS

a) Composition of Board of Directors -

As on 31st March 2021, in compliance with the Listing Regulations, the Company's Board of Directors headed by Executive Chairman, Shri Pradip Kumar Daga, comprised 5 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 are 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 2021 as applicable is given hereunder –

Director	DIN	Category	No. of Board Meetings attended	Attendance at the last AGM on 10.09.2020	*Number of Directorships in other Indian Public Companies	**Committee(s) positions in other Companies		Names of Listed Companies where Directorship held and kind of Directorship
						As Member	As Chairman	
Shri Pradip Kumar Daga (Chairman and Managing Director)	00040692	Promoter/ Executive	4	Yes	2	1	--	1. Longview Tea Co. Ltd (Promoter/ Non-Executive) 2. Deepak Industries Ltd. (Chairman and Managing Director)
Shri Yashwant Kumar Daga	00040632	Promoter / Non-Executive	6	Yes	5	7	1	1. HGI Industries Ltd (Non-Executive / Independent Director) 2. Mint Investments Ltd (Non-Executive / Independent Director) 3. Deepak Industries Ltd (Whole Time Director) 4. Longview Tea Co. Ltd. (Promoter/ Non – Executive) 5. Magadh Sugar & Energy Ltd. (Non-Executive / Independent Director)
Shri Shantanu Daga (w.e.f 9.11.2020) (Joint Managing Director)	08757724	Promoter/ Executive	2	Yes	--	--	---	---
Shri Pradeep Kumar Drolia	00291966	Non-Executive Independent	6	Yes	1	--	---	1. Indo Eco (India) Ltd (Non-Executive /Independent Director)

Director	DIN	Category	No. of Board Meetings attended	Attendance at the last AGM on 10.09.2020	*Number of Directorships in other Indian Public Companies	**Committee(s) positions in other Companies		Names of Listed Companies where Directorship held and kind of Directorship
						As Member	As Chairman	
Smt Nilu Agrawal	03107052	Non-Executive Independent	6	Yes	--	--	---	---
Shri Binod Kumar Agrawal (expired on 28.09.2020)	00515967	Non-Executive Independent	3	No	--	--	--	---
Shri Anand Prasad Agrawal (w.e.f. 10.11.2020)	00312652	Non-Executive Independent	2	No	1	1	1	Deepak Industries Ltd (Non-Executive Independent Director)
Shri S. B. Sharda (from 12.08.2020 till 13.10.2020)	08832160	Executive Director	--	No	--	--	---	---

* 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.

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

All the Directors have made the requisite disclosures regarding committee positions held by them in other companies. 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 Chairperson of more than five such Committees across all listed companies, in which he/she was a Director. Further, the Chairman and Managing Director does not serve as Independent Director in any listed company.

All Independent Directors are free from any business or other relationship that could materially influence their independent judgement. The Company has received requisite declarations from all the Independent Directors.

All the Independent Directors are below the age of seventy five years. All the Independent Directors have been issued letters of appointment as per Schedule IV to the Companies Act, 2013. As required under Regulation 46 of the Listing Regulations, 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/Investor_Relations/BOD/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/Details_of_Familiarisation_Programmes_2020-21.pdf).

c) Relationships of Directors inter se

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.. Shri Shantanu Daga, Joint Managing Director is related to Shri Yashwant Kumar Daga. Shri Shantanu Daga is son of Shri Yashwant Kumar Daga. No other Directors are related to each other

d) Shareholdings of Non Executive Directors in the Company as on 31st March 2021:-

Non-Executive Directors	No of ordinary shares @ ₹.10/-
Shri Yashwant Kumar Daga	396381
Shri Anand Prasad Agarwalla (As joint holder with his wife)	100

The Company does not have any Stock Option Scheme.

e) Board Meetings held during the year

During the financial year ended 31st March 2021, Six meetings of the Board of Directors were held on – (i) 30th April 2020, (ii) 30th June 2020, (iii) 10th August 2020, (iv) 9th November 2020 (v) 05th February 2021 and (vi) 18th March 2021.

The maximum gap between any two consecutive Board Meetings was less than 120 days. Necessary quorum was present for all the Board meetings. The dates for the Board Meetings are decided well in advance and communicated to the Directors. Meeting effectiveness is ensured through clear agenda, circulation of material in advance and as per statutory timelines, detailed presentations at the Meetings and tracking of action taken reports at every meeting.

The Board periodically reviews all the relevant information, which is required to be placed before it pursuant to the Listing Regulations and in particular, reviews the strategy, annual business plan, business performance of the Company, capital expenditure budget and risk management, safety and environment matters. Among other things, the Board also reviews Compliance Report of all laws applicable to the Company, internal financial controls and financial reporting systems, adoption of financial results, minutes of the meetings of the Committees of the Board, etc.. Steps are taken by the Company to rectify instances of non-compliance of any law, if any.

In addition to the 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 Directors are also kept informed of the major events and approvals obtained, if necessary.

Recommendations of the Committees are placed before the Board for necessary approval and noting.

f) Code of Conduct

The Company has adopted Code of Conduct for Directors and Senior Management Personnel of the Company, which is available on the Company's website. 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

g) Independent Directors' Meeting

Pursuant to the Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on 29th January 2021 without the attendance of non-independent Directors and members of the management to –

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

- Review the performance of the Chairperson of the Company taking into account, the views of other Non-independent Directors.
- Assess 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 and Shri Pradeep Kumar Drolia chaired the meeting.

h) Skills / expertise /competencies of the Board

Your Company's Board of Directors have identified the following skills/ expertise/ competencies to function and discharge their responsibilities effectively and as available to the Board :

- 1. Leadership** : Effective management of business operations, ability to guide on complex business decisions, anticipate changes, setting priorities, aligning resources towards achieving goals and protecting and enhancing stakeholders value.
- 2. Governance** : Ensuring adherence to the corporate Governance Principles, protecting and enhancing stakeholders' value.
- 3. Strategy planning** : Good business instincts and acumen, ability to get to the crux of the issue, ability to provide guidance and active participation in complex decision making, set priorities and focus energy and resources towards achieving goals.
- 4. Financial Management** : In depth understanding of financial statements, financial controls, proficiency in financial management and reporting process, expertise in dealing with complex financial transactions.
- 5. Legal Expertise** : Having profound legal knowledge and expertise in corporate law matters and other regulatory aspects.
- 6. Technical acumen** : Sound technical acumen, ability to anticipate technological trends, create advanced business models.
- 7. Risk Management** : In depth knowledge and expertise of risk management, risk framework, adequacy and efficiency of control, mitigation of risks, etc. in respect of business of the Company.
- 8. Sales and Marketing** : Experience in sales and marketing, provide guidance in developing strategies for increasing sales, enhancing brand value and customer satisfaction, etc.
- 9. Human Resource Development** : Having knowledge and expertise in the areas of Human Resource Development, benchmarking with the best human resource practices adopted in the Industry , ensuring safety, well being of employees etc.

As on 31.3.2021, Directors who possess aforesaid core skills / expertise / competence is given as under :-

Name of Directors	Leadership	Governance	Strategy Planning	Financial Management	Legal Expertise	Technical Acumen	Risk Management	Sale and Marketing	Human Resource Development
Sh. Pradip Kumar Daga	√	√	√	√		√	√	√	√
Sh. Yashwant Kumar Daga	√	√	√	√		√	√	√	√
Sh. Shantanu Daga	√	√	√	√		√	√	√	√
Sh. Pradeep Kumar Drolia	√	√	√	√	√		√	√	√
Smt. Nilu Agrawal	√	√	√	√			√		√
Sh. Anand Prasad Agarwalla	√	√	√	√	√		√		

i) Confirmation from the Board of Directors in context to Independent Directors

The Company has received declarations from the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)

(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Based on the disclosures received from all the independent directors and in the opinion of the Board, the Independent Directors fulfill the conditions specified in the Companies Act, 2013 and the Listing Regulations and are independent of the management.

Further, the Independent Directors of the company have their names included in the **databank of Independent Directors** maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014. Requisite disclosures have been received from the Independent Directors in this regard.

- j) No Independent Director has resigned before expiry of his tenure.

3) AUDIT COMMITTEE

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

The Audit Committee comprises of three Non - Executive Directors namely Shri Pradeep Kumar Drolia, Chairman, Shri Yashwant Kumar Daga, and Smt. Nilu Agrawal as members. The Members have adequate knowledge of accounts and financial matters. Shri Pradeep Kumar Drolia has accounting and related financial management expertise. Smt. Puneeta Arora, Company Secretary is Secretary to the 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 monitor 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.

Further, pursuant to Regulation 18(2)(c) of the Listing Regulations, the Audit Committee is empowered to investigate any activity within its terms of reference, seek information it requires from any employee, obtain outside legal or other independent professional advice and secure attendance of outsiders with relevant expertise, if considered necessary. Apart from the above, the Audit Committee also exercises the role and powers entrusted upon it by the Board of Directors from time to time.

During the year, Committee met four times, as on –

- (i) 30th June 2020, (ii) 10th August 2020, (iii) 9th November 2020 and (iv) 05th February 2021.

The maximum gap between any two consecutive meetings was less than 120 days. The Composition of

the Audit Committee as at 31st March 2021 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 Pradeep Kumar Drolia	Chairman	Non-Executive Independent	4
Shri Yashwant Kumar Daga	Member	Non-Executive Non-Independent	4
Smt Nilu Agrawal	Member	Non-Executive Independent	4
Shri Binod Kumar Agrawal (expired on 28.09.2020)	Member	Non-Executive Independent	2

The necessary quorum was present at the meetings. Internal Auditors, Cost Auditors, Statutory Auditors are invited to attend the Meeting to discuss issues and queries at the Committee meetings. Representatives from various divisions of the Company are also invited, if required to address concerns raised by the Committee. 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;
- 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.
- Whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Shri Pradeep Kumar Drolia is Chairman of the Nomination and Remuneration Committee. Necessary quorum was present for the meetings of the Committee.

During the year, the Committee met on –

- (i) 30th June 2020, (ii) 10th August 2020, (iii) 9th November 2020 and (iv) 18th March 2021.

The Composition of the Nomination and Remuneration Committee as at 31st March 2021 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 Pradeep Kumar Drolia	Chairman	Non-Executive Independent	4
Shri Yashwant Kumar Daga	Member	Non-Executive Non- Independent	4
Shri Binod Kumar Agrawal (expired on 28.09.2020)	Member	Non-Executive Independent	2
Smt Nilu Agrawal	Member	Non-Executive Independent	2

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

Particulars of remuneration paid/ payable to Directors during the financial year 2020-21:-

Amount in Rs.

Name of the Director	Salary	Perquisites/LTA	Company's Contribution to Provident Fund	Commission (for FY 2020-21 payable in FY 2021-22)**	Sitting fees paid during the year*	Total (Rs.)
Sh.P.K.Daga (Chairman and Managing Director)	83,05,440	--	9,96,653	--	--	93,02,093
Sh. Shantanu Daga (Joint Managing Director – w.e.f. 09.11.2020)	20,11,667	8,54,958	2,41,400	--	--	31,08,025
Sh. S. B. Sharda (Whole Time Director w.e.f. 01.10.2020 till 13.10.2020) He expired on 14.10.2020	1,09,032	61,059	13,084	--	--	1,83,175
Sh.Yashwant Kumar Daga	--	--		2,50,000	1,80,000	4,30,000
Sh.Pradeep Kumar Drolia	--	--		2,50,000	1,85,000	4,35,000
Smt. Nilu Agrawal	--	--		2,50,000	1,47,500	3,97,500
Sh. Binod Kumar Agrawal	--	--		1,25,000	90,000	2,15,000
Sh. Anand Prasad Agarwalla	--	--		1,25,000	35,000	1,60,000

* 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 meetings of the Committees of the Board. The Independent Directors were paid Rs. 5000/- each as sitting charges for meeting of Independent Directors.

** Commission to Non-Executive Directors including Independent Directors shall be paid after the annual accounts are approved by the shareholders at the forthcoming Annual General Meeting. Shareholders had approved in addition to the sitting fees and reimbursement of expenses for attending the meetings of the Board or Committees thereof, payment of Commission to Non-Executive Directors upto 1% of Net Profits in the Annual General Meeting held on 12th September 2019.

Directors' Commission amount is exclusive of applicable Goods and Services Tax (GST) which shall be borne by the Company.

The Company does not have any stock option scheme.

None of the Non-Executive Directors has any material financial interest in the Company apart from payment of sitting fees to them for attending the Board and Committee meetings and commission as approved by members and Board.

The Company has no pecuniary relationship or transaction with its Non-Executive and Independent Directors other than payment of sitting fees to them for attending the Board and Committee meetings and commission as approved by members and Board.

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 role of the Stakeholders Relationship Committee includes –

- a) Resolving of grievances of shareholders of the Company related to transfer / transmission of shares, non-receipt of annual report, general meetings, non-receipt of declared dividends, issue of new/ duplicate shares certificates, recording of dematerialization / rematerialisation of shares and related matters.
- b) Review of measures taken for effective exercise of voting rights by shareholders.
- c) Review of adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar and Transfer Agents.
- d) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

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

During the financial year ended 31st March 2021, 4 complaints were received and all were satisfactorily disposed off. As on 31.03.2021, pendency of complaints was Nil.

During the year, Committee met two times, as on – (i) 30th June 2020 and (ii) 9th November 2020. The Composition of the Stakeholders Relationship Committee as at 31st March 2021 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 Binod Kumar Agrawal (till 28.09.2020)	Chairman	Non-Executive Independent	1
Shri Anand Prasad Agarwalla	Chairman (Since 10.11.2020)	Non-Executive Independent	0
Shri Yashwant Kumar Daga	Member	Non-Executive Non-Independent	2
Shri Pradeep Kumar Drolia	Member	Non-Executive Independent	2

Necessary quorum was present for both the meetings of the Committee.

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 –

- i) 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;
- ii) to ensure adherence to CSR Policy; and
- iii) to provide guidance on various CSR activities to be undertaken by the Company
- iv) recommending the amount of expenditure to be incurred on CSR and
- v) to monitor the progress of CSR activities.

During the year, the Committee meeting was held on – (i) 30th June 2020 and (ii) 5th February 2021. The composition of the Corporate Social Responsibility Committee as at 31st March 2021 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 Non-Independent	2
Shri Pradeep Kumar Drolia	Member	Non-Executive Independent	2
Shri Binod Kumar Agrawal	Member (till 28.09.2020)	Non-Executive Independent	1
Smt. Nilu Agrawal	Member (since 09.11.2020)	Non-Executive Independent	1

Necessary quorum was present for both the meetings of the Committee.

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
36 th AGM	121, Industrial Area, Baddi, Tehsil Nalagarh, dist-Solan, Pin-173205 (H.P.)	29.08.2018	02.00 P.M.	Nil
37 th AGM	-----do-----	12.09.2019	02.00 P.M.	4
38 th AGM	Conducted through video conferencing, deemed venue of which was 121, Industrial Area, Baddi, Tehsil Nalagarh, dist-Solan, Pin-173205 (H.P.)	10.09.2020	12.00 Noon	2

37th AGM held on 12.09.2019

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 Pradeep Kumar Drolia as an Independent Director for a further term of 5 years.
2. Re-appointment of Smt. Nilu Agrawal as an Independent Director for a further term of 5 years.
3. To adopt a new set of Articles of Association of the Company in place of the existing one.
4. To approve payment of commission to Non-Executive Directors.

38th AGM held on 10.09.2020

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 Pradeep Kumar Daga as Managing Director for a further term of 3 years.
2. Appointment of Shri S. B. Sharda as Whole Time Director.

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) Procedure 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 Punjab Kesari (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, are not communicated individually to shareholders of the Company. However, 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 : Thursday, 23rd September, 2021 at 12:00 Noon.
 Venue : **The Company is conducting Annual General Meeting through Video Conferencing ('VC') /Other Audio Visual Means ('OAVM')**
Deemed venue for the meeting is Registered Office of the Company, that is, 121, Industrial Area, Baddi, Tehsil Nalagarh, District Solan, Himachal Pradesh – 173205.)

Dates of Book closure : From Friday, 17th September, 2021 to Thursday, 23rd September, 2021 (both days inclusive)

Dividend Payment Date : Dividend on Equity Shares will be made payable from Monday, 27th September, 2021 once approved by shareholders in Annual General Meeting.

Financial Year : 1st April to 31st March

Financial Calendar 2021-22 (Tentative)

First Quarter Results : First or second week of August 2021
 Second Quarter Results : First or second week of November 2021
 Third Quarter Results : First or second week of February 2022
 Annual Results : Third or Fourth week of May 2022

Listing on Stock Exchange :

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

Annual listing fee for the year 2021-22 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 2020-21 are as under :-

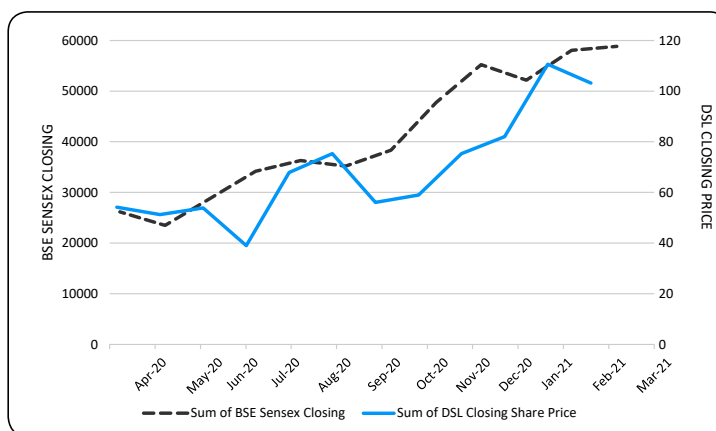
(In ₹ per Share)

Month	BSE Limited		Month	BSE Limited	
	High	Low		High	Low
April 2020	82.00	66.00	October 2020	78.00	59.05
May 2020	66.00	61.00	November 2020	73.00	60.50
June 2020	70.00	61.55	December 2020	77.60	69.05
July 2020	65.80	58.00	January 2021	96.00	76.55
August 2020	74.45	53.90	February 2021	116.95	80.00
September 2020	77.00	67.25	March 2021	116.00	88.10

(Source : www.bseindia.com)

Performance in comparison to broad based indices –

Deepak Spinners Limited Versus BSE Sensex



Suspension from trading

Securities of the Company have not been suspended from trading on BSE Limited, where they are listed.

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.

E-mail – mdpldc@yahoo.com

Share Transfer System

In terms of the Listing Regulations, effective from 1st April 2019, securities of listed companies can only be transferred in dematerialized form except where the claim is lodged for transmission or transposition of shares or where the transfer deed(s) were lodged prior to 1st April 2019 and returned due to deficiency in the document.

Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

Pattern of Shareholding as on 31.03.2021.

Sr. No.	Category	No. of Shares held	% of Paid up Share Capital
1	Promoters	32,83,483	45.67
2	Mutual Funds and Insurance Companies	5,400	0.08
3	Financial Institutions and Banks	620	0.01
4	Bodies Corporates	6,22,705	8.66
5	NRIs and OCBs	1,31,065	1.82
6.	Foreign Nationals	700	0.01
7.	Other Resident Individuals	31,45,395	43.75
	Total	71,89,368	100.00

Distribution of Shareholding as on 31.03.2021.

Shareholding	No. of Shares held	% of total paid Up Capital	No. of Share holders	% of total No. of Shareholders
Upto 500	9,49,719	13.21	6,984	92.28
501-1000	2,34,315	3.26	300	3.96
1001-10000	7,27,597	10.12	233	3.08
10001 & above	52,77,737	73.41	51	0.68
Total	71,89,368	100.00	7568	100

Unclaimed Dividends

As per Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the information in respect of the unclaimed dividends on the website of the IEPF, viz. www.iepf.gov.in and on the website of the company at <http://www.dsl-india.com/investor-relations>.

The Company has appointed Smt. Puneeta Arora, Company Secretary as Nodal Officer under the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

Dematerialisation of shares and liquidity

As on 31st March 2021, 91.79% equity shares of the Company are in dematerialized form with **National Securities Depository Limited** and **Central Depository Services (India) Limited**.

Requests for dematerialization of shares are processed and confirmation thereof is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects.

With effect from 1st April 2019, except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository.

Outstanding GDR or ADRs or warrants or any convertible instruments

The Company has not issued any Global Depository Receipts (GDRs), American Depository Receipts (ADRs), warrants or any convertible instruments.

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, Plot No 194-195, Fourth Floor, Industrial Area, Phase II Chandigarh -160002 (INDIA). Telephone : 0091-(0172) 2650973,2650974

Designated email-id for investor servicing :

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

Credit Rating

On 2nd July 2020, the Company had got following credit rating from M/s. India Ratings and Research Private Limited on its borrowings :

Facility	Sanctioned Limit (million)	Rating / Outlook
Fund Based Limits	INR 600	IND BBB / Stable
Fund Based Limits	INR 50	IND A3+
Non Fund Based Limits	INR 60	IND A3+
Long Term Loan	INR 340	IND BBB / Stable
COVID-19 Emergency Credit Line (Term Loan)	INR 60	IND BBB / Stable

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) – Not Applicable

10) CEO/CFO CERTIFICATION

As required by Regulation 17(8) of the Listing Regulations, the Chairman and Managing Director [CEO] and Chief Financial Officer [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 2021.

11) 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 note no. 40 to the Financial Statements.

The Board has formulated a **Policy for Related Party Transactions** which is available on the Company’s website. It was revised by Board of Directors on 16th May 2019 on the recommendations of Audit Committee.

(weblink:http://www.dsl-india.com/wp-content/uploads/2019/05/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.

Under Regulation 17 (1) (c) the Company was unable to appoint sixth director due to ongoing pandemic Covid 19 and demise of two of its directors. BSE Limited had imposed penalty on the Company. Keeping in view the unprecedented and extra ordinary circumstances beyond the control of the company, BSE Limited, based on the company’s application, waived the penalty imposed on the Company.

As on March 31, 2021, the provisions regarding composition of the Board of Directors stand complied.

- 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 2020-21.

- d) **SUBSIDIARY COMPANIES** - The Company does not have any subsidiary Company.
- e) **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH Act') and rules made thereunder, the Company has formed Internal Complaints Committees at its locations to address complaints pertaining to sexual harassment in accordance with the POSH Act.

The status of complaints under POSH Act, during the year was as under –

Number of complaints filed during the financial year	Nil
Number of complaints disposed of during the financial year	Nil
Number of complaints pending as on end of the financial year	Nil

- f) All Accounting Standards mandatorily required to be followed, have been followed without exception in preparation of the financial statements.
- g) 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.
- h) No money was raised by the Company through any public issue, rights issue, preferential issue, etc. during the financial year 2020-21
- i) **A Certificate from a Company Secretary in Practice**, M/s. A. Arora & Company, Company Secretaries has been received stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of Companies by the Board or Ministry of Corporate Affairs or any such statutory authority. It is given as '**Annexure – B**' to this report.
- j) 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.
- k) **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.
- l) **Recommendations of Committees to the Board** - During 2020-21, the Board of Directors have accepted all recommendations of various committees of the Board which were mandatorily required to be placed before the Board.
- m) Total fees for all services paid by the Company to the Statutory Auditors, M/s. JKVS & Company, Chartered Accountants for the year 2020-21 were as follows-

	Amount in ₹
Audit Fee	9,07,500
Limited Review	2,47,500
Certification Fee	70,000
Reimbursement of Expenses	28,292
Total	12,53,292

- 12) 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.
- 13) The Corporate Governance Report of the Company for the year ended on 31st March 2021 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
- 14) The status of adoption of the discretionary requirements as specified in Regulation 27(1) and Part E of Schedule II 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. **Reporting of Internal Auditor** - The Internal Auditors report directly to the Audit Committee. They are also invited to the meetings of Audit Committee to discuss issues and queries raised by the latter.
- 15) **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
- 16) **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.
- 17) **Compliance Certificate**
 Compliance Certificate for Corporate Governance from Auditors of the Company is given as 'Annexure-C' to this report.
- 18) **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
2019-20	M/s. Shakti K. & Associates, Cost Accountants,	20.08.2020

The above report was adopted by the Board of Directors at its meeting held on 23rd June 2021.

'Annexure – A'

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 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 2021.

Place : Chandigarh
 Date : 23.06.2021

Pradip Kumar Daga
 Chairman and Managing Director

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Deepak Spinners Limited having CIN: L17111HP1982PLC016465 and having registered office at # 121, Industrial Area, Baddi, Tehsil: Nalagarh, Distt: Solan, Himachal Pradesh (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment in the company
1.	Mr. Pradip Kumar Daga	00040692	16.04.2012
2.	Mr. Yashwant Kumar Daga	00040632	23.10.2006
3.	Mr. Pradeep Kumar Drolia	00291966	24.11.2006
4.	Mrs. Nilu Agrawal	03107052	01.04.2015
5.	Mr. Binod Kumar Agrawal*	00515967	01.04.2017
6.	Mr. Shive Bhagwan Sharda**	08832160	12.08.2020
7.	Mr. Shantanu Daga	08757724	09.11.2020
8.	Mr. Anand Prasad Agarwalla	00312652	10.11.2020

*Ceased to be director w.e.f. 28.09.2020 due to his demise.

** Ceased to be a director w.e.f. 14.10.2020 due to his demise.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **A. Arora & Co.,**
Company Secretaries

Ajay K. Arora
(Proprietor)
M No. 2191
C P No. 993

Date: 10.06.2021
Place: Chandigarh

UDIN: F002191C000443654

‘Annexure – C’**Independent Auditor’s Certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Members of

Deepak Spinners Limited

121, Industrial Area, Baddi, Tahsil-Nalagarh

District-Solan (Himachal Pradesh) -173205

1. The Corporate Governance Report prepared by Deepak Spinners Limited (hereinafter the “Company”), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the Listing Regulations”) (‘Applicable criteria’) with respect to Corporate Governance for the year ended March 31, 2021. This certificate is required by the Company for annual submission to the Stock Exchange and to be sent to the Shareholders of the Company.

MANAGEMENT’S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The management along with the Board of Directors of the Company are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

AUDITOR’S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India (“ICAI”). The Guidance Note on Reports or Certificates for Special Purposes (Revised) requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

7. Based on the procedures performed by us and according to the information and explanations given to us, that we are of the opinion that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 1 above, other than the Company was unable to appoint sixth director as required under Regulation 17(1)(c) during the period from April 01, 2020 to August 27, 2020 due to the reason stated in Para 11 (b) related to “Other Disclosures” of Report on Corporate Governance comprising in the Annual Report for the financial year 2020-21.

OTHER MATTERS AND RESTRICTION ON USE

8. This report 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.

9. This certificate is addressed to and provided to the Members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this certificate.

For JKVS & Co.
Chartered Accountants
Firm Registration NO.: 318086E

Sajal Goyal
Partner
Membership Number: 523903
UDIN: 21523903AAAACP9513

Place: New Delhi
Date: June 23, 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Deepak Spinners Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Deepak Spinners Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Company in

accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

S. N.	Key Audit Matter	Auditor's Response
1.	Valuation of inventories We refer to Note 2 and 7 to the financial statements. As at March 31, 2021, the total carrying amount of inventories was Rs. 5896.92 Lakhs. The assessment of impairment of inventories involves significant estimation uncertainty, subjective assumptions and the application of significant judgment. Reviews are made periodically by management on inventories for obsolescence and decline in net realizable value below cost. Allowances are recorded against the inventories for any such declines based on historical obsolescence and slow-moving history. Key factors considered include the nature of the stock, its ageing, shelf life and turnover rate.	How our audit addressed the key audit matter: We have analyzed the ageing of the inventories, reviewed the historical trend on whether there were significant inventories written off or reversal of the allowances for inventories obsolescence. We conducted a detailed discussion with the key management and considered their views on the adequacy of allowances for inventories obsolescence considering the current economic environment. We have also verified the subsequent selling prices in the ordinary course of business and compared against the carrying amounts of the inventories on a sampling basis at the reporting date. We found management's assessment of the allowance for inventory obsolescence to be reasonable based on available evidence.
2.	Trade and other receivables As disclosed in Note 5,6,8,11 and 13 to the financial statements. The Company assesses periodically and at each financial year end, the expected credit loss associated with its receivables. When there is expected credit loss, the amount and timing of future cash flows are estimated based on historical, current and forward-looking loss experience for assets with similar credit risk characteristics. We focused on this area because of its significance and the degree of judgement required to estimate the expected credit loss and determining the carrying amount of trade and other receivables as at the reporting date.	How our audit addressed the key audit matter: We obtained an understanding of the Company's credit policy for trade receivables and evaluated the processes for identifying impairment indicators. We have reviewed and tested the ageing of trade and other receivables. We have reviewed management's assessment on the credit worthiness of selected customers for trade receivables. We further discussed with the key management on the adequacy of the allowance for impairment recorded by the Company and reviewed the supporting documents provided by management in relation to their assessment. We have also reviewed the adequacy and appropriateness of the impairment charge based on the available information. Based on our audit procedures performed, we found management's assessment of the recoverability of trade and other receivables to be reasonable and the disclosures to be appropriate.
3.	Evaluation of uncertain tax positions Refer Notes 2, 23 and 36 to the Financial Statements. The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.	How our audit addressed the key audit matter: We have obtained details of complete tax assessments and demands as at March 31, 2021 from management. We considered management's assessment of the validity and adequacy of provisions for uncertain tax positions, evaluating the basis of assessment and reviewing relevant correspondence and legal advice, where available, including any information regarding similar cases with the relevant tax authorities. We assessed validity and adequacy of provisions for uncertain tax positions in respect of various tax demands and liabilities and found the appropriateness of management's assumptions and estimates reasonable.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and our auditor's report thereon. We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the applicable laws and regulations

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design

audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial

- statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure B” to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid /provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act and the remuneration to the joint managing director is subject to approval of shareholders.
- (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 36 to the financial statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **JKVS & CO.**
Chartered Accountants
Firm Reg. No. 318086E
Sajal Goyal
Partner

Place: New Delhi Membership No. 523903
Date: June 23, 2021 Udin: 21523903AAAACR6897

Annexure-A to the Auditor's Report

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment by which property, plant and equipment are verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its property, plant and equipment. In accordance with this programme, property, plant and equipments were not physically verified during the year due to COVID situation.
- (c) The title deeds of immovable properties included in property, plant and equipment 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, except stock in transit, 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 73 to 76 of the Companies Act'2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) 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, Goods and Service Tax, Duty of customs, Duty of excise, Value Added Tax, Cess and other material statutory dues where applicable, 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	Period
The Central Excise Act, 1944	Demand for excise duty	7.97	CESTAT	2004-05 to 2007-08
Income Tax Act, 1961	Dispute relating to 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	0.76	CIT (Appeals) Kolkata	Assessment year 1998-99
	Disallowance of expenses etc.	1.21	CIT (Appeals) Kolkata	Assessment Year 2012-13
	MAT Credit disallowance	21.39	CIT (Appeals) Kolkata	Assessment year 2015-16
	Various disallowances	46.63	CIT (Appeals) Kolkata	Assessment year 2018-19

*** net of deposited**

- (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) During the year, the company did not raise any money by way of initial public offer or further public offer (including debt instruments). Term Loan raised during the year was applied for the purpose for which loan was 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 given 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 and the remuneration to the joint managing director is subject to approval of shareholders.
- (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) 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. Therefore, the provisions of clause 3(xvi) of the Order are not applicable.

For **JKVS & CO.**

Chartered Accountants

Firm Reg. No. 318086E

Sajal Goyal

Partner

Membership No. 523903

Udin: 21523903AAAACR6897

Place: New Delhi

Date: June 23, 2021

Annexure-B to the Auditor's Report

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

We have audited the internal financial controls with reference to financial statements of Deepak Spinners Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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 however needs to be further strengthened.

For **JKVS & CO.**

Chartered Accountants

Firm Reg. No. 318086E

Sajal Goyal

Partner

Place: New Delhi

Date: June 23, 2021

Membership No. 523903

Udin: 21523903AAAACR6897

BALANCE SHEET AS AT 31ST MARCH, 2021

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

	Note	As at 31st March, 2021	As at 31st March, 2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	'3'	15,059.14	16,519.52
Capital Work-in-Progress		316.48	78.11
Right of use Assets	'4A'	188.52	215.25
Intangible Assets	'4'	35.86	54.81
Financial Assets			
a. Other Non Current Financial Assets	'5'	268.99	254.30
Other Non-Current Assets	'6'	14.61	52.18
		<u>15,883.60</u>	<u>17,174.17</u>
Current Assets			
Inventories	'7'	5,896.92	7,507.00
Financial Assets			
a. Trade Receivables	'8'	3,399.26	2,852.60
b. Cash and Cash Equivalents	'9'	57.12	32.80
c. Bank balances other than (b) above	'10'	41.09	43.41
d. Other Financial Assets	'11'	284.76	205.88
Current Tax Assets (Net)	'12'	302.06	256.66
Other Current Assets	'13'	970.42	1,498.82
		<u>10,951.63</u>	<u>12,397.17</u>
		<u>26,835.23</u>	<u>29,571.34</u>
Total Assets			
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	'14'	718.94	718.94
Other Equity	'15'	15,182.67	13,626.75
		<u>15,901.61</u>	<u>14,345.69</u>
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
a. Borrowings	'16'	1,456.62	2,489.13
b. Lease Liability	'16A'	128.50	143.82
Long-term Provisions	'17'	264.22	213.86
Deferred Tax Liabilities (Net)	'18'	1,339.54	1,357.77
		<u>3,188.88</u>	<u>4,204.58</u>
Current Liabilities			
Financial Liabilities			
a. Borrowings	'19'	3,078.87	5,059.03
b. Trade Payables	'20'		
a) total outstanding dues of micro and small enterprises		85.33	42.29
b) total outstanding dues of creditors other than micro and small enterprises		1,326.09	2,387.38
c. Other Financial Liabilities	'21'	1,826.26	1,736.08
d. Lease Liability	'22'	21.48	23.34
Other Current Liabilities	'23'	274.55	194.10
Short Term Provisions	'24'	1,127.16	1,578.85
Current Tax Liabilities (net)	'25'	5.00	-
		<u>7,744.74</u>	<u>11,021.07</u>
		<u>10,933.62</u>	<u>15,225.65</u>
		<u>26,835.23</u>	<u>29,571.34</u>
Total Equity and Liabilities			
Summary of significant accounting policies and other notes to financial statements	'1 to 47'		

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

For JKVS & Co.

Chartered Accountants
Firm Reg. No. 318086E

Sajal Goyal

Partner

Membership No. 523903

Place : Kolkata

Dated : 23rd June, 2021

PRADIP KUMAR DAGA

Chairman and Managing Director

DIN: 00040692

SHANTANU DAGA

Joint Managing Director

DIN: 08757724

PUNAM CHAND SHARMA

Chief Financial Officer

PUNEETA ARORA

Company Secretary

FCS: 7466

YASHWANT KUMAR DAGA - DIN:00040632

PRADEEP KUMAR DROLIA - DIN: 00291966

ANAND PRASAD AGARWALLA - DIN: 00312652

NILU AGRAWAL - DIN: 03107052

Directors

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2021

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

	Note	For the Year ended 31st March, 2021	For the Year ended 31st March, 2020
I REVENUE			
Revenue from Operations	'26'	39,657.30	46,067.56
Other Income	'27'	185.55	330.40
Total Income		39,842.85	46,397.96
II EXPENSES			
Cost of Materials Consumed	'28'	21,148.32	27,316.93
Changes in Inventories of Finished Goods, Work-in-Progress and Waste	'29'	1,453.10	1,288.44
Employee Benefits Expense	'30'	5,311.53	5,591.59
Finance Costs	'31'	628.92	939.33
Depreciation and Amortization Expense	'32'	1,604.74	1,608.60
Other Expenses	'33'	7,571.07	8,411.88
Total Expenses		37,717.68	45,156.77
Profit before Exceptional item and Tax (I-II)		2,125.17	1,241.19
Exceptional Item		-	-
Profit before Tax		2,125.17	1,241.19
Tax Expense			
Current Tax	'34'	(570.00)	(453.00)
Deferred Tax (Charge)/Credit	18'	13.83	700.32
Profit for the year (A)		1,569.00	1,488.51
Other Comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans		(17.48)	5.00
Tax relating to remeasurement of defined benefit plans		4.40	(1.26)
Total Other Comprehensive income for the year (B)		(13.08)	3.74
Total Comprehensive income for the year (A+B)		1,555.92	1,492.25
Basic & Diluted Earnings Per Equity Share of ₹ 10 each	'35'	21.82	20.70
Summary of significant accounting policies and other notes to financial statements	'1 to 47'		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For JKVS & Co.

Chartered Accountants

Firm Reg. No. 318086E

Sajal Goyal

Partner

Membership No. 523903

Place : Kolkata

Dated : 23rd June, 2021

PRADIP KUMAR DAGA

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DIN: 00040692

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NILU AGRAWAL - DIN: 03107052

Directors

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2021

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

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A. Cash Flow from Operating Activities		
Net Profit before tax	2,125.17	1,241.19
Adjustment for :		
Depreciation and Amortization Expense	1,604.74	1,608.60
Net profit on sale/discard of property, plant and equipment	(2.26)	(7.14)
Finance costs	628.92	939.33
Interest Income	(100.03)	(218.55)
Provision for Credit Losses (Net)	24.40	-
Operating Profit Before Working Capital Changes	4,280.94	3,563.43
Movements in working capital :-		
(Increase)/ Decrease in Inventories	1,610.08	683.15
(Increase)/ Decrease in Trade and other receivables	(136.73)	1,053.04
Increase/ (Decrease) in Trade and other payables	(1,267.26)	(369.68)
Cash Generated From Operations	4,487.03	4,929.94
Less : Income Tax Paid (net of refunds)	(610.40)	(574.24)
Net Cash From Operating Activities	3,876.63	4,355.70
B. Cash Flow from Investment Activities		
Movement in fixed deposits	(0.73)	(0.43)
Interest received	100.53	218.61
Purchases of Property, Plant and Equipments (including capital advance)	(309.14)	(560.17)
Proceeds from sales of Property, plant & Equipments	11.92	14.22
Net Cash Used In Investing Activities	(197.42)	(327.77)
C. Cash Flow from Financing Activities		
Repayment of Long Term Borrowings	(1,608.97)	(2,535.52)
Proceeds of Long Term Borrowings	600.00	-
Net proceeds/(Repayment) of Short Term Borrowings	(1,980.16)	(348.22)
Dividend including dividend distribution tax paid	-	(260.02)
Payment of Lease liability	(32.29)	(25.80)
Finance Costs (including capitalised Rs.13.65 Lakhs (previous year Rs.7.52 Lakhs))	(633.47)	(963.20)
Net Cash Used in Financing Activities	(3,654.89)	(4,132.76)
Net Increase/(Decrease) in Cash and Cash Equivalents	24.32	(104.83)
Cash and Cash Equivalents at the beginning of the year	32.80	97.11
Cash and Cash Equivalents at the end of the year (Refer Note 22)	57.12	32.80
	24.32	(64.31)

Notes :

- A. The company has prepared cash flow statement as per indirect method.
- B. As per Ind AS 7, the Company is required 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. However the Company did not have such changes in liabilities arising from financial activities.

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

For JKVS & Co.

Chartered Accountants
Firm Reg. No. 318086E

Sajal Goyal
Partner
Membership No. 523903

Place : Kolkata
Dated : 23rd June, 2021

PRADIP KUMAR DAGA
Chairman and Managing Director
DIN: 00040692

SHANTANU DAGA
Joint Managing Director
DIN: 08757724

PUNAM CHAND SHARMA
Chief Financial Officer
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PRADEEP KUMAR DROLIA - DIN: 00291966

ANAND PRASAD AGARWALLA - DIN: 00312652

NILU AGRAWAL - DIN: 03107052

Directors

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2021

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

	As at 31 March, 2021				As at 31 March, 2020			
(a) Equity share capital	No. of Shares		Amount		No. of Shares		Amount	
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 year	71,89,368		718.94		71,89,368		718.94	
(b) Other equity	Reserves and Surplus				Item of Other Comprehensive Income		Total	
	Securities Premium	Capital reserve	General reserve	Retained earnings	Remeasurement of defined benefit plans			
Balance at 01st April 2019	217.81	-	2,809.79	9,335.88	29.87		12,393.35	
Profit for the year	-	-	-	1,488.51	-		1,488.51	
Other comprehensive income for the year (including Tax thereon)	-	-	-	3.74	-		3.74	
Annual Dividend & Dividend distribution tax (2018-19)	-	-	-	(130.01)	-		(130.01)	
Interim Dividend & Dividend distribution tax (2019-20)	-	-	-	(130.01)	-		(130.01)	
Transfer from forfeited share capital	-	1.17	-	-	-		1.17	
Transfer to Retained Earnings	-	-	-	29.87	(29.87)		-	
Balance at 31 March 2020	217.81	1.17	2,809.79	10,597.98	-		13,626.75	
Profit for the year	-	-	-	1,569.00	-		1,569.00	
Other comprehensive income for the year (including Tax thereon)	-	-	-	(13.08)	-		(13.08)	
Balance at 31 March 2021	217.81	1.17	2,809.79	12,153.90	-		15,182.67	

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

For **JKVS & Co.**
Chartered Accountants
Firm Reg. No. 318086E

Sajal Goyal
Partner
Membership No. 523903

Place : Kolkata
Dated : 23rd June, 2021

PRADIP KUMAR DAGA
Chairman and Managing Director
DIN: 00040692

DIN: 00040892
SHANTANU DAGA
Joint Managing Director
DIN: 08757724

PUNAM CHAND SHARMA
Chief Financial Officer
PUNEETA ARORA

PUNEETA ARORA
Company Secretary
FCS: 7466

YASHWANT KUMAR DAGA - DIN:00040632
 PRADEEP KUMAR DROLIA - DIN: 00291966
 ANAND PRASAD AGARWALLA - DIN: 00312652
 NILU AGRAWAL - DIN: 03107052

Directors

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

1. Reporting Entity

Deepak Spinners 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 approved for issue by the Board of Directors in their meeting held on 23rd June, 2021.

2. Significant Accounting Policies

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

2.1 Statement of Compliance

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 Companies (Indian Accounting Standards) Amendment Rules, 2016, as amended and other accounting principles generally accepted in India.

Accounting Policies have been consistently applied except where a newly issued accounting standards is initially adopted or a revision to an existing accounting standard required a change in the accounting policy hitherto in use.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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 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 Property, Plant & Equipment, Intangible Assets and Right of Use 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
- Assessment of recoverability of receivables and advances and such assessment requires significant management judgement based on financial position of the counter-parties, market information and other relevant factors.

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 is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realised 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

An liability is treated as current when it is:

- Expected to be settled in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be settled within 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.

The Company has ascertained the operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

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 for intended 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, property plant & equipment (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 there is a future economic benefit associated with the expenditure will flow to the Company and the cost can be measured reliably.

Depreciation

Depreciation on property, plant & equipment 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 except for the following which has been determined on the basis of technical evaluation.

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. Right of use assets is amortised over the lease period or estimated useful life whichever is less. 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. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. Individual assets costing below Rs.5000 are fully depreciated in the year of purchase as these assets have

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

no significant useful life.

Capital Work-in-Progress

Capital work-in-progress comprises of assets in the course of construction for production or/and supply of goods or services or administrative purposes, are carried at cost, less any recognised impairment loss. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset are capitalised where the asset is available for use and commissioning has been completed.

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit & Loss.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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 up to the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

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.

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 is 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 plan, 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 yield 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

- 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
- re measurement

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.

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 recognizes revenue when it satisfies a performance obligation in accordance with the provisions of contract with the customer. This is achieved when control of the product has been transferred to the customer, which is generally determined when title, ownership, risk of obsolescence and loss pass to the customer and the Company has the present right to payment, all of which occurs at a point in time upon shipment or delivery of the product. The Company considers shipping and handling activities as costs to fulfil the promise to transfer the related products and the customer payments for shipping and handling costs are recorded as a component of revenue.

Performance Obligation is achieved when:

- 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. No element of significant financing is deemed present as the sales are made with a credit term, which is consistent with market practice. Sales exclude Goods and Service 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.
- c. Interest other than interest on overdue debts from customers, is recognised on time proportion basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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.

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 FIFO 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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.

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.

Financial Assets measured at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.
- the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. 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 income in the Statement of Profit & Loss. The losses arising from impairment are recognised in the Statement of Profit & Loss.

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,

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Financial Instruments, which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

- b. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in the Statement of Profit & Loss.

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. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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 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.

2.21 Leases

The Company as lessor

Leases for which the Company is a lessor is classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as finance lease. All other leases are classified as operating leases.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent and variable rentals are recognized as expense in the periods in which they are incurred.

Lease Liability

The lease payments that are not paid at the commencement date are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments) payable during the lease term and under reasonably certain extension options, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company re measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re measured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re measured by discounting the revised lease payments using a revised discount rate.

Right of Use (ROU) Assets

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets. The costs are included in the related right-of-use asset.

ROU assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The depreciation starts at the commencement date of the lease.

The ROU assets are not presented as a separate line in the Balance Sheet but presented below similar owned assets as a separate line in the PPE note under "Notes forming part of the Financial Statement".

The Company applies Ind AS 36- Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per its accounting policy on 'property, plant and equipment'.

As a practical expedient, Ind AS 116 permits a lessee not to separate non-lease components when bifurcation of the payments is not available between the two components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

Extension and termination options are included in many of the leases. In determining the lease term the management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

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 Recent Accounting Standard & Accounting Pronouncements

(a) Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2021

(b) Recent Accounting pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of Profit and Loss

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

'3'. Property, plant and equipment

Particulars	Tangible Assets							Total
	Free hold land (a)	Buildings	Plant and Equipment	Vehicles	Furniture and Fixtures	Office Equipment	Lease Hold land	
Cost								
As at 31st March, 2019	33.40	6,168.84	15,877.92	142.98	27.86	60.55	62.74	22,374.29
Additions	-	57.91	420.62	27.53	50.51	5.73	-	562.30
Disposals	-	-	93.33	-	3.59	5.52	-	102.44
Adjustment	-	-	-	-	-	-	-	-
Reclassification to Right of Use Assets	-	-	-	-	-	-	62.74	62.74
As at 31st March, 2020	33.40	6,226.75	16,205.21	170.51	74.78	60.76	-	22,771.41
Additions	-	35.20	72.47	-	3.85	3.46	-	114.98
Disposals	-	-	189.11	-	-	-	-	189.11
Adjustment	-	-	-	-	-	-	-	-
Reclassification to Right of Use Assets	-	-	-	-	-	-	-	-
As at 31st March, 2021	33.40	6,261.95	16,088.57	170.51	78.63	64.22	-	22,697.28
Depreciation								
As at 31st March, 2019	-	672.35	4,021.96	39.79	8.51	41.23	2.91	4,786.75
For the year	-	237.61	1,296.84	16.65	7.18	5.09	-	1,563.37
Deletions	-	-	88.66	-	3.41	3.29	-	95.36
Adjustment	-	-	-	-	-	-	-	-
Reclassification to Right of Use Assets	-	-	-	-	-	-	2.91	2.91
As at 31st March, 2020	-	909.96	5,230.14	56.44	12.28	43.03	-	6,251.85
For the year	-	237.90	1,298.27	17.85	8.02	3.70	-	1,565.74
Deletions	-	-	179.45	-	-	-	-	179.45
Adjustment	-	-	-	-	-	-	-	-
Reclassification to Right of Use Assets	-	-	-	-	-	-	-	-
As at 31st March, 2021	-	1,147.86	6,348.96	74.29	20.30	46.73	-	7,638.14
Net block								
As at 31st March, 2020	33.40	5,316.79	10,975.07	114.07	62.50	17.73	-	16,519.56
As at 31st March, 2021	33.40	5,114.09	9,739.61	96.22	58.33	17.49	-	15,059.14

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

(b) Property, Plant & Equipment given as security for borrowings refer note 16 & 19

'4'. Intangible Assets

Particulars	Software IT ERP	Total
Cost		
As at 31st March, 2019	162.25	162.25
Additions	-	-
Disposals	-	-
Adjustment	-	-
As at 31st March, 2020	162.25	162.25
Additions	-	-
Disposals	-	-
Adjustment	-	-
As at 31st March, 2021	162.25	162.25

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

Particulars	Software IT ERP	Total
Amortisation		
As at 31st March, 2019	107.44	107.44
For the year	-	-
Deletions	-	-
Adjustment	-	-
As at 31st March, 2020	107.44	107.44
For the year	18.95	18.95
Deletions	-	-
Adjustment	-	-
As at 31st March, 2021	126.39	126.39
Net block		
As at 31st March, 2020	54.81	54.81
As at 31st March, 2021	35.86	35.86

'4(A)'. Right of use assets (Refer Note 37)

	Leasehold Land	Leased Property	Total
Cost			
Reclassification from Property, Plant & Equipment	62.74	-	62.74
Additions as per IND AS 116 (Lease)	-	177.01	177.01
Disposals	-	-	-
Adjustment	-	-	-
As at 31st March, 2020	62.74	177.01	239.75
Disposals	-	-	-
Adjustment	-	(6.65)	(6.65)
As at 31st March, 2021	62.74	170.36	233.10

Amortisation			
Reclassification from Property, Plant & Equipment	2.91	-	2.91
For the year	0.97	20.66	21.63
Deletions	-	-	-
As at 31st March, 2020	3.88	20.66	24.54
For the year	0.97	19.07	20.04
Deletions	-	-	-
As at 31st March, 2021	4.85	39.73	44.58

Net block			
As at 31st March, 2020	58.86	149.70	215.21
As at 31st March, 2021	57.89	130.63	188.52

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

	As at 31st March, 2021	As at 31st March, 2020
'5' Other Non-Current Financial Assets		
(Unsecured, Considered Good)		
Security Deposits	257.73	243.04
Export Benefits/Claims Receivables #	11.26	11.26
	268.99	254.30
# Claim lying with department but hold against Service Tax dispute		
'6' Other Non Current Assets		
Capital Advances	14.61	52.18
	14.61	52.18
'7' Inventories		
<i>(Valued at lower of cost or net realisable value except waste at net realisable value)</i>		
Raw Materials	1,859.14	2,225.72
Work-in-Progress	421.14	525.08
Finished Goods	3,152.27	4,501.11
Stores and Spares	459.84	250.24
Waste	4.53	4.85
	5,896.92	7,507.00
Goods in transit included in above inventories are as under :		
Raw materials	53.09	17.90
Stores and Spares	52.37	31.82
7a' Write downs of inventories (net of reversal) to net realizable value related to finished goods amounted to ₹ 19.25 Lakhs (Previous year ₹ 394.39). 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.		
7b' Inventories are hypothecated to secure borrowings. Refer to Note No. 16 & 19.		
'8' Trade Receivables		
Unsecured		
Considered Good	3,399.26	2,852.60
Credit Impaired	317.72	293.60
	3,716.98	3,146.20
Less: Allowances for credit losses	317.72	293.60
	3,399.26	2,852.60
8a' No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person. Further no trade receivables are due from firms or private companies respectively in which any director is a partner, or director or member.		
8b' Trade Receivables are hypothecated to secure borrowings. Refer to Note No. 16 & 19.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

	As at 31st March, 2021	As at 31st March, 2020
'9' Cash and Cash Equivalents		
Balance with Banks :		
- In Current Accounts	48.63	27.70
Cash on hand	8.49	5.10
	57.12	32.80
'10' Other Bank Balances		
Earmarked balances with banks		
Unpaid Dividend Account	25.39	28.44
Fixed Deposit Account (maturity within one year)*	13.77	13.04
Fixed Deposit Account (Pledged with Sales Tax Department)	1.93	1.93
	41.09	43.41
(*Pledged as Margin with Bank)		
'11' Other Current Financial Assets		
(Unsecured, Considered Good)		
Subsidy Receivable	278.91	199.53
Interest Accrued	5.85	6.35
	284.76	205.88
'12' Current Tax Assets (Net)		
Advance Current Tax (Net of Provision)	302.06	256.66
	302.06	256.66
'13' Other Current Assets		
Security Deposits against disputed Statutory demands	350.00	350.00
Indirect taxes recoverable	416.38	887.93
Export Benefit Receivable	46.76	46.49
Advances Recoverable in Cash or in Kind	105.67	160.45
Prepaid Expenses	51.61	53.95
	970.42	1,498.82
'14' Share Capital:		
Authorised:		
80,00,000 (Previous year 80,00,000) Equity Shares of ₹10/- each.	800.00	800.00
60,00,000 (Previous year 60,00,000) Unclassified Shares of ₹10/- each.	600.00	600.00
	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
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	718.94

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

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 in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However dividend 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 :

	As at 31st March, 2021	As at 31st March, 2020
Equity Shares outstanding at the beginning of the year	7189368	7189368
Equity Shares allotted during the year	-	-
Equity Shares outstanding at the end of the year	7189368	7189368

c. Shareholders holding more than 5 percent Equity shares of the Company as per members' register:

Name of shareholder	As at 31st March, 2021		As at 31st March, 2020	
	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
Sh. Pradip Kumar Daga	4,04,174	5.62	4,04,174	5.62
M/s. Contransys Pvt. Ltd	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
Sh. Yashwant Kumar Daga	3,96,381	5.51	-	-
Smt. Asha Devi Daga	3,86,428	5.38	3,86,428	5.38

'15' Other Equity

	As at 31st March, 2021	As at 31st March, 2020
(i) Securities Premium		
Balance as per last financial statements	217.81	217.81
(ii) General Reserve		
Balance as per last financial statements	2,809.79	2,809.79
(iii) Capital Reserve		
Balance at the beginning of the year	1.17	-
Transfer from forfeited share capital	-	1.17
Total	1.17	1.17
(iv) Retained earnings		
Balance at the beginning of the year	10,597.98	9,335.88
Add :- Transfer from Remeasurement of defined benefit Plans	-	29.87
Add :- Other Comprehensive income (including tax thereon)	(13.08)	3.74
Profit for the year	1,569.00	1,488.51
Total	12,153.90	10,858.00
Less:		
Annual Dividend & Dividend Distribution Tax (2018-19)	-	130.01
Interim Dividend & Dividend Distribution Tax (2019-20)	-	130.01
Total	12,153.90	10,597.98

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

(v) Remeasurement of defined benefit plans

Balance at the beginning of the year	-	29.87
Addition during the year	-	-
Less: Transfer to Retained Earning	-	29.87
Balance at the end of the year	-	-
Total (i to v)	15,182.67	13,626.75

Nature and purpose of other reserves/ other equity

Securities Premium

This Reserve represents premium received on issue of shares and can be utilized in accordance with the provisions of the Companies Act, 2013.

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 shareholders as per the provisions of the Companies Act, 2013.

Capital reserve

This Reserve Represents forfeited amount of Equity Share Capital and can be utilised in accordance with the provision of the Companies Act 2013.

Retained Earnings

Retained earnings are profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

'16' Borrowings

	As at 31st March, 2021	As at 31st March, 2020
(i) Secured		
(a) Term Loans from a Bank	2,370.04	3,370.49
(b) Vehicle Loans		
(a) From a Bank	18.64	27.16
	2,388.68	3,397.65
(ii) Current Maturity of Borrowings disclosed under the head "Other financial liabilities" (Refer Note No. 21)	(932.06)	(908.52)
(Total i-ii)	1,456.62	2,489.13

a. Securities

- Term Loans from a bank is secured by first charge on the plant & machineries, other movable property, plant & equipment 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.
- Secured by hypothecation of vehicles financed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

b. Terms of Repayments of Non-Current Portion:

Rate of Interest	Repayment Periodicity	Installments Outstanding		As at 31st March, 2021	As at 31st March, 2020
		As at 31st March, 2021	As at 31st March, 2020		
7.95% (previous year 10.50%) linked with MCLR	Quarterly Equal	7	11	1,413.04	2,470.49
7.25% (previous year Nil)	Monthly Equal	1	-	33.00	-
8.90% to 9.10 % (Previous year 8.90% to 9.10%)	Monthly Graded	21	8 to 33	10.58	18.64
				1,456.62	2,489.13

'16A' Lease Liability

	As at 31st March, 2021	As at 31st March, 2020
Finance lease obligations	149.98	167.16
	149.98	167.16
Current Maturity of Lease (Refer Note No. 22)	(21.48)	(23.34)
	128.50	143.82

'17' Long Term Provisions

Provision for Employee Benefits	264.22	213.86
	264.22	213.86

'18' Deferred Tax Liabilities (Net)

Deferred Tax Assets

Provision for Employees Benefit	88.13	71.08
Other Timing Differences	417.94	538.88
	506.07	609.96

Deferred Tax Liability on account of :

Deferred Tax Liabilities on account of :

Depreciation & Amortisation	1,845.61	1,967.73
	1,845.61	1,967.73
Deferred Tax Liabilities/ (Assets) Net	1,339.54	1,357.77

A. Movement in deferred Tax balances

	As at 31st March, 2020	Recognized in Profit & Loss *	Recognized in OCI	As at 31st March, 2021
Deferred Tax Assets				
Provision for Employees Benefit	71.08	12.65	4.40	88.13
Other Timing Differences	538.88	(120.94)		417.94
Sub- Total (a)	609.96	(108.29)	4.40	506.07
Deferred Tax Liabilities				
Impact of difference in depreciation/ amortization on Property, plant and equipment and Right of Use in tax accounts and depreciation/ amortization for financial reporting	1,967.73	(122.12)		1,845.61
Sub- Total (b)	1,967.73	(122.12)	-	1,845.61
Net Deferred Tax Liability (b)-(a)	1,357.77	(13.83)	(4.40)	1,339.54

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

	As at 31st March, 2019	Recognized in P&L	Recognized in OCI	As at 31st March, 2020
Deferred Tax Assets				
Provision for Employees Benefits	100.30	(27.96)	(1.26)	71.08
Other Timing Differences	629.01	(90.13)		538.88
Sub- Total (a)	729.31	(118.09)	(1.26)	609.96
Deferred Tax Liabilities				
Impact of difference in depreciation/ amortization on Property, plant and equipment and Right of use in tax accounts and depreciation/ amortization for financial reporting	2,786.14	(818.41)		1,967.73
Sub- Total (b)	2,786.14	(818.41)	-	1,967.73
Net Deferred Tax Liability (b)-(a)	2,056.83	(700.32)	1.26	1,357.77

B. Amounts recognised in Other Comprehensive Income

	For the year ended 31st March, 2021			For the year ended 31st March, 2020		
	Before Tax	Tax (Expense)/ Income	Net of Tax	Before Tax	Tax (Expense)/ Income	Net of Tax
Remeasurements of defined benefit liability	(17.48)	4.40	(13.08)	5.00	(1.26)	3.74
	(17.48)	4.40	(13.08)	5.00	(1.26)	3.74

C. Reconciliation of effective tax rate

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Profit before tax from continuing operations	2,125.17	1,241.19
Tax using the Company's domestic tax rate @ 25.168%	534.86	312.38
Tax effect of:		
Non-deductible expenses	13.14	3.73
Others (including change in tax rates for deferred tax) *	8.17	(573.50)
Tax/Adjustments related to earlier years	-	10.07
Income tax expenses reported in the statement of profit and loss	556.17	(247.32)

* In the Previous year, the Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Company has recognised provision for Income Tax for the year ended March 31, 2020 and remeasured its deferred tax assets and liabilities, basis the rate prescribed in the said section. The full impact of this change being reversal of deferred tax Rs. 575.42 Lakhs recognised during the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

'19' Short-term Borrowings

	As at 31st March, 2021	As at 31st March, 2020
A Secured		
Loan repayable on demand		
-From Banks	3,078.87	5,059.03
	3,078.87	5,059.03

Securities:-

Loan from bank is secured by first charge on current assets both present and future and additionally secured by way of second charge on all property, plant & equipment 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 of the Company.

'20' Trade Payables

For Goods and Services

a) total outstanding dues of micro and small enterprises	85.33	42.29
b) total outstanding dues of creditors other than micro and small enterprises	1,326.09	2,387.38
	1,411.42	2,429.67

'20.1' Based on the information available the Company has identified certain vendors covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures relating to dues of Micro and Small enterprises under section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006, are given below:

a. (i) Principal amount remaining unpaid to any supplier as on	85.33	42.29
(ii) Interest due on principal amount remaining unpaid to any supplier as on		
b. Interest paid by the Company in terms of Section 16 of the MSMED Act along with the amounts of the payment made to the supplier beyond the appointed day	-	-
c. the amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
d. the amount of interest accrued and remaining unpaid during the accounting year.	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of this Act.	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

	As at 31st March, 2021	As at 31st March, 2020
'21' Other Financial Liabilities		
Current maturities of long-term debts	932.06	908.52
Unpaid Dividends	25.39	28.44
Interest Accrued and Due	19.08	38.74
Security Deposits	10.21	9.78
Statutory Dues	125.27	75.15
Directors' Commission	9.25	9.00
Employees liabilities	705.00	666.45
	1,826.26	1,736.08
'22' Lease Liability		
Lease Obligations	21.48	23.34
	21.48	23.34
'23' Other Current Liabilities		
Customers' Credit Balances and Advances against orders	248.49	194.10
Provision for CSR Liability	26.06	-
	274.55	194.10
'24' Short Term Provisions		
Provision for Statutory Disputed Matters (Refer Note 24.1)	1,041.19	1,510.27
Provision for Employee Statutory Benefits	85.97	68.58
	1,127.16	1,578.85
'24.1' Movement of Provision for Statutory Disputed Matters		
Opening Balance	1,510.27	1,381.48
Addition during the year	92.85	128.79
Paid during the year	561.93	-
Closing balance	1,041.19	1,510.27
'25' Current Tax Liabilities (Net)		
Current Tax Payable (Net of Advances)	5.00	-
	5.00	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
'26' Revenue from Operations:		
Sale of Manufactured goods:		
Man Made Synthetic Yarn *	39,471.17	45,834.47
Sale of Electricity	57.32	57.40
Other Operating Revenue (including export incentives)	128.81	175.69
Revenue from Operations (Net)	39,657.30	46,067.56
* Sales includes Export Sales of ₹ 2,945.12 (Previous year ₹ 2,824.99)		
(A) Reconciliation of contract price vis a vis revenue recognised in the statement of profit and loss is as follows:		
Contract Price		
(i) Sales of Man Made Synthetic Yarn	39,668.96	46,011.73
(ii) Sales of Electricity	57.32	57.40
(iii) other operating revenue	128.81	175.69
Adjustments:		
Discount/rebate/ incentives	197.79	177.26
Revenue recognised in statement of profit and loss	39,657.30	46,067.56
(B) Classification of revenue on basis of timing of revenue recognition		
(i) At point of time	39,657.30	46,067.56
(ii) Over the time	-	-
(C) For Contract assets and balances refer note No. 8)		
(i) Trade receivables	3,716.98	3,146.20
Less: provision for loss allowances	317.72	293.60
(D) For Contract Liability against which sales will be made		
(i) Advance from and credit balance of customers	248.49	194.10
(E) Revenue from Contracts with Customers disaggregated based on geography		
In India	36,712.18	43,242.57
Outside India	2,945.12	2,824.99
'27' Other Income:		
Interest Income	100.03	218.55
Net profit on sale/discard of property, plant and equipment	2.26	7.14
Scrap Sales	55.01	64.62
Miscellaneous Income	4.23	5.12
Net Gain on Foreign Currency transactions and translation	18.80	4.18
Provision for Credit Loss written back	3.00	-
Sundry credit balances written back	2.22	30.79
	185.55	330.40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
'28' Cost of Materials Consumed:		
Man Made Fibres	20,327.77	26,224.00
Dyes & Chemicals	820.55	1,092.93
	21,148.32	27,316.93
'29' Changes in Inventories of Finished Goods, Work-in-Progress and Waste		
Inventories as at 31st March, 2021		
Work-in-Progress	421.14	525.08
Finished Goods	3,152.27	4,501.11
Waste	4.53	4.85
Total (A)	3,577.94	5,031.04
Inventories as at 31st March, 2020		
Work-in-Progress	525.08	445.98
Finished Goods	4,501.11	5,868.38
Waste	4.85	5.12
Total (B)	5,031.04	6,319.48
Total (B-A)	1,453.10	1,288.44
'30' Employee Benefit Expense		
Salaries, Wages and Bonus	4,734.96	5,007.65
Gratuity Expenses	131.48	106.00
Contribution to Provident and other Funds	309.21	318.33
Staff welfare expenses	135.88	159.61
	5,311.53	5,591.59
'31' Finance Costs		
Interest expenses*	608.66	905.72
Interest on lease obligations	15.11	15.95
Other Borrowing costs	18.80	25.18
	642.57	946.85
Less: Amount transferred to Capital Work-in-Progress/Capitalised	13.65	7.52
	628.92	939.33
*Net of Interest subsidies received ₹ 39.33 (Previous Year ₹ 54.92) under TUF (Technology Upgradation Fund) scheme and includes ₹ Nil (Previous Year ₹ 4.98) to Income Tax department.		
'32' Depreciation and Amortization Expense		
On Tangible Assets	1,565.75	1,563.40
On Intangible Assets	18.95	23.61
On Right of Use Assets	20.04	21.59
	1,604.74	1,608.60

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

	For the year ended 31st March, 2021	For the year ended 31st March, 2020
'33' Other Expenses		
Consumption of Stores & Spares	1,409.46	1,652.70
Consumption of Packing Material	641.34	714.57
Job Charges	179.39	155.73
Power & Fuel	3,543.18	4,087.77
Rent	39.19	30.45
Insurance	61.09	56.30
Rates & Taxes	10.28	11.50
Repair and Maintenance		
Buildings	1.92	10.48
Machinery	99.94	106.18
Freight & Forwarding	1,029.11	1,006.77
Auditor's Remuneration		
As Auditor	9.08	8.25
For Limited Review	2.48	2.48
For Certification and other matters	0.70	0.80
Reimbursement of Expenses	0.28	0.61
Cost Audit Fee	0.65	0.65
Commission to Directors	10.00	10.00
Bad debts	27.40	-
Provision for Credit Losses	27.12	40.52
Advances written off	2.16	2.98
CSR Expenses	34.20	2.84
Donation	18.00	14.00
Miscellaneous Expenses	424.10	496.30
	7,571.07	8,411.88
'34' Current Tax		
Current Tax for the year	570.00	453.00
Total Current Tax	570.00	453.00
'35' Earnings per share		
Total profit for the year	1,569.00	1,488.51
Weighted average number of equity shares of ₹ 10/- each	71,89,368	71,89,368
EPS - Basic and Diluted (per share in ₹)	21.82	20.70

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

As at
31st March, 2021 As at
31st March, 2020

'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	7.97
2. Demand for Income Tax, being contested by the Company (Amount deposited ₹ 25.06, Previous year ₹ 25.06)	105.40	58.77
3. Legal Cases (Employees)	8.47	7.80
4. Demand for Cess on own generation of electricity.	45.89	45.89

The management believes that the Company has a strong chance of favorable decision in above cases, hence no provision has been considered necessary.

- The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the SC for disposal.

The Company is awaiting the outcome of the review petition, and also directions from EPFO, if any, to assess any potential impact on the Company and consequently no adjustments have been made in the books of account.

B. Commitments

- "Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances] not provided for" 79.50 159.07
- The Company has availed certain government subsidies. As per the term and conditions, the Company has to continue production for specified number of years and others conditions failing which amount of subsidies availed along with interest penalty etc. will have to be refunded.

37 Leases

As a Lessee

In previous year, effective April 01, 2019 the company adopted Ind AS 116 'Lease' using modified retrospective approach in accordance with the modified retrospective transition method, the comparatives have not been retrospectively adjusted. Due to adoption of Ind AS 116 in the previous year following assets has been classified as ROU.

ROU Assets Category	Amount
Leasehold Land	62.74
Building	177.01
Total	239.75

- There are no variable lease payments for the year ended March 31, 2021. (Previous year Nil)
- Total cash outflow on leases for the year ended March 31, 2021 was ₹ 25.80 lakhs. (Previous year ₹ 25.80 Lakhs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

(C) Lease Liabilities

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Non-Current	Current	Non-Current	Current
Lease liabilities against ROU assets	128.5	21.48	143.82	23.34

(D) The maturity profile of the cash outflow of the lease liabilities is as follows:

Particulars	As at 31st March, 2021	As at 31st March, 2020
0-1 year	27.41	25.80
1-3 years	59.34	57.08
3-5 Years	65.64	61.19
More Than 5 Years	54.02	88.14
Total	206.41	232.21

(E) The Company has also recognize expenses of short-term leases on a straight-line basis over the lease term. The expenses related to short-term leases are Rs. 39.19 Lakhs for the year ended March 31, 2021 (Previous year ₹ 30.45 Lakhs).

38 Foreign exchange exposures outstanding at the year-end:

(a) Foreign Currency exposure not hedged by derivative instrument or otherwise :

i. Receivable	40.74	103.48
ii. Payable	238.72	-

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 ₹ 309.21 (Previous year ₹ 318.33).

(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 subject to maximum limit of Rs. 20 Lakhs. 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 31st March, 2021. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

- 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:

	31st March, 2021	31st March, 2020
Net defined benefit liability / (asset)	121.55	63.01
Liability for Gratuity		
Non-current	95.42	50.09
Current	26.13	12.92

- 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, 2021			31st March, 2020		
	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	832.35	769.34	63.01	736.40	650.17	86.23
Included in profit or loss						
Service costs	136.77	-	136.77	115.19	-	115.19
Interest cost / (income)	56.60	(52.31)	4.29	56.34	(49.74)	6.60
	193.37	(52.31)	141.06	171.53	(49.74)	121.79
Included in OCI						
Premeasurements loss / (gain)						
Actuarial loss / (gain) arising from:						
- Demographic assumptions	-	-	-	(0.42)	-	(0.42)
- financial assumptions	79.91	-	79.91	(10.70)	-	(10.70)
- experience adjustment	(67.20)	-	(67.20)	(2.62)	-	(2.62)
- on plan assets		4.77	4.77		8.73	8.73
	12.71	4.77	17.48	(13.73)	8.73	(5.01)
Other						
Contributions paid by the employer		100.00	(100.00)		140.00	(140.00)
Benefits paid	(76.81)	(76.81)	-	(61.84)	(61.84)	-
Acquisition adjustment			-			-
	(76.81)	23.19	(100.00)	(61.84)	78.16	(140.00)
Balance as at 31st March	961.62	840.07	121.55	832.36	769.34	63.01

	31st March, 2021	31st March, 2020
C. Plan assets		
Fund managed by insurer	100%	100%
D. Actuarial assumptions		
The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).		
Discount rate	6.79%	6.80%
Expected rate of future salary increase	6.00%	5.00%
Mortality	100% of IALM (2012-14)	
Assumptions regarding future mortality have been based on published statistics and mortality tables.		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

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, 2021		31st March, 2020	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(42.44)	46.71	(34.06)	37.37
Expected rate of future salary increase (0.5% movement)	46.36	(42.49)	37.39	(34.35)

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.

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. Pradip Kumar 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 up to 8th Nov 2020 and Joint Managing Director from 9th Nov 2020
Sh. Binod Kr. Agrawal	Independent Director (KMP under Ind-AS) (Upto 28th Sep 2020)
Sh. Pradeep Kumar Drolia	Independent Director (KMP under Ind-AS)
Mrs. Nilu Agrawal	Independent Director (KMP under Ind-AS)
Sh. S.B Sharda	Whole Time Director (KMP under Ind-AS) (1st Oct-20 to 13th Oct-20)
Sh. Anand Prasad Agarwalla	Independent Director (KMP under Ind-AS) (with effect from 10th Nov. 2020)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

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.
 Bansidhar Daga foundation
 Daga Seva Nidhi

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

			For the year ended	
a) Payments to Key Managerial Personnel and their relatives			31st March, 2021	31st March, 2020
Name	Nature	Category		
Sh. Pradip Kumar Daga	- Remuneration #	Short Term Employee Benefits	93.02	84.56
Sh. Shantanu Daga	- Remuneration #	Short Term Employee Benefits	59.74	41.60
Sh. Yashwant Kumar Daga	- Sitting Fees	Other Transactions	1.80	1.50
	- Commission	Other Transactions	2.50	2.50
Sh. Pradeep Kumar Drolia	- Sitting Fees	Other Transactions	1.85	1.55
	- Commission	Other Transactions	2.50	2.50
Sh. Binod Kr. Agrawal	- Sitting Fees	Other Transactions	0.90	1.55
	- Commission	Other Transactions	1.25	2.50
Mrs. Nilu Agrawal	- Sitting Fees	Other Transactions	1.48	0.80
	- Commission	Other Transactions	2.50	2.50
Sh. S.B Sharda	- Remuneration #	Short Term Employee Benefits	1.83	-
Sh. Anand Prasad Agarwalla	- Sitting Fees	Other Transactions	0.35	-
	- Commission	Other Transactions	1.25	-

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

Apart from above Shri. Pradip Kumar Daga, Chairman and Managing Director and Shri Yashwant Kumar Daga (Son of Shri Pradip Kumar Daga) have given 'personal guarantees to the bankers of the company for securing various borrowings. (Refer Note No. 16 & 19)

* Appointment & Remuneration Rs. 4.25 Lakhs plus perquisites per month of Shri Shantanu Daga as Joint Managing Director is subject to approval of Shareholders in the ensuing annual general meeting.

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	172.47	194.35
- Contransys Pvt. Ltd.		
Lease rent received for premises leased out	3.05	2.90
- Bansidhar Daga foundation		
Donation	10.00	8.00
- Daga Seva Nidhi		
Donation	8.00	6.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

Closing Balance	As at 31st March, 2021	As at 31st March, 2020
Payable		
- M/s. Deepak Industries Limited	14.62	18.62
- Sh. Yashwant Kumar Daga	2.25	2.25
- Sh. Binod Kumar Agarwal	1.13	2.25
- Sh. Pradeep Kumar Drolia	2.25	2.25
- Mrs. Nilu Agrawal	2.25	2.25
- Sh. Anand Prasad Agarwalla	1.12	-

41 Financial instruments

I. Fair value measurements

A. Financial instruments by category

	As at 31st March, 2021		As at 31st March, 2020	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets				
Trade receivables	-	3,399.26	-	2,852.60
Cash and cash equivalents	-	57.12	-	32.80
Bank balances other than above	-	41.09		43.41
Others		-		-
Non Current	-	268.99	-	254.30
Current	-	284.76	-	205.88
	-	4,051.22	-	3,388.99
Financial liabilities				
Long Term Borrowings	-	1,456.62	-	2,489.13
Short terms borrowings	-	3,078.87	-	5,059.03
Trade payables	-	1,411.42	-	2,429.67
Lease Liability	-	149.98	-	167.16
Other current financial liabilities	-	1,826.26	-	1,736.08
	-	7,923.15	-	11,881.07

B. Fair value hierarchy

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

- recognised and measured at fair value and
- measured at amortised cost and for which fair values are disclosed in the financial statements.

There are no financial assets or financial liabilities which are required to measure at fair value using recurring fair value measurements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

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

As at 31st March, 2021				
	Level 1	Level 2	Level 3	Total
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
	-	-	-	-

As at 31st March, 2020				
	Level 1	Level 2	Level 3	Total
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
	-	-	-	-

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 maximize 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.

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, 2021		As at 31st March, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Trade receivables	3,399.26	3,399.26	2,852.60	2,852.60
Cash and cash equivalents	57.12	57.12	32.80	32.80
Bank balances other than above	41.09	41.09	43.41	43.41
Others	-	-	-	-
Non Current	268.99	268.99	254.30	254.30
Current	284.76	284.76	205.88	205.88
	4,051.22	4,051.22	3,388.99	3,388.99
Financial liabilities				
Long Term Borrowings	1,456.62	1,456.62	2,489.13	2,489.13
Short terms borrowings	3,078.87	3,078.87	5,059.03	5,059.03
Trade payables	1,411.42	1,411.42	2,429.67	2,429.67
Lease Liability	149.98	149.98	167.16	167.16
Other current financial liabilities	1,826.26	1,826.26	1,736.08	1,736.08
	7,923.15	7,923.15	11,881.07	11,881.07

The management considers that carrying amount of financial assets and financial liabilities are at amortised cost which approximates to their fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

II. Financial risk management

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

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

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 properly defined framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to 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 regular reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

I. 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 monitors 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 as per the Company's standard payment and delivery terms and conditions. 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.

More than 60 % of the Company's customers have been transacting with the Company for over four years. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

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 ₹ 3399.26 (31st March, 2020 – ₹ 2852.60)

Ageing of trade receivables are as under:-

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31.03.2021	3,272.54	122.05	322.39	3,716.98
As at 31.03.2020	2,628.18	106.44	411.58	3,146.20

Reconciliation of loss allowance provision – Trade receivables

	31st March, 2021	31st March, 2020
Opening balance	293.60	253.08
Changes in loss allowance	27.12	40.52
Provision for Credit Loss written back	3.00	-
Closing balance	317.72	293.60

II. 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 corporate 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, 2021	31st March, 2020
Variable rate		
Expiring within one year (bank overdraft and other facilities)	2,822.67	1,342.51
Expiring beyond one year (bank loans)	-	-
	2,822.67	1,342.51

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

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.

(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 payment.

	Carrying Amounts 31st March, 2021	Contractual cash flows				
		Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	2,388.68	2,388.68	932.06	1,456.62	-	-
Short term borrowings	3,078.87	3,078.87	3,078.87	-	-	-
Trade payables	1,411.42	1,411.42	1,411.42	-	-	-
Lease Liability	149.98	149.98	21.48	40.23	36.44	51.83
Other current financial liabilities	894.20	894.20	894.20	-	-	-
Total non-derivative liabilities	7,923.15	7,923.15	6,338.03	1,496.85	36.44	51.83

	Carrying Amounts 31st March, 2020	Contractual cash flows				
		Total	0- 1 Year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	3,397.65	3,397.65	908.52	2,489.13	-	-
Short term borrowings	5,059.03	5,059.03	5,059.03	-	-	-
Trade payables	2,429.67	2,429.67	2,429.67	-	-	-
Lease Liability	167.16	167.16	23.34	44.39	38.96	60.47
Other current financial liabilities	827.56	827.56	827.56	-	-	-
Total non-derivative liabilities	11,881.07	11,881.07	9,248.12	2,533.52	38.96	60.47

Provision against disputed Statutory dues not considered above as outflow depends upon conclusion of legal proceedings

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

iii (a). 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 minimize 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, if any, are 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, 2021		As at 31st March, 2020	
	USD	EUR	USD	EUR
Financial assets				
Trade receivables	104.04	-	103.48	-
Other payables	303.02	-	-	-
Net statement of financial position exposure	407.06	-	103.48	-

The following significant exchange rates have been applied

	Average Rates		Year end spot rates	
	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
USD 1	74.20	70.15	73.15	74.05
EUR 1	86.67	77.51	86.10	80.20

iii (b). 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, 2021 and 31st March, 2020, 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 hedge to mitigate the interest rate risk and movement in foreign currency.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(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 instrument is as follows

	Nominal Amount	
	31st March, 2021	31st March, 2020
Fixed-rate instruments		
Financial assets	273.43	258.01
Financial liabilities	18.64	27.16
	292.07	285.17
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	5,448.91	8,429.52
	5,448.91	8,429.52

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, 2021				
Variable-rate instruments	27.24	(27.24)	20.39	(20.39)
Cash flow sensitivity	27.24	(27.24)	20.39	(20.39)
31st March, 2020				
Variable-rate instruments	42.15	(42.15)	31.54	(31.54)
Cash flow sensitivity	42.15	(42.15)	31.54	(31.54)

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** Balances of certain trade receivables and trade payables are in the process of confirmation and/or reconciliation.

43 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.

Two customers individually account for more than 10% of the revenue in the year ended 31st March, 2021 and 31st March, 2020.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

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

44 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	31.03.2021	31.03.2020
Equity Share Capital	718.94	718.94
Other Equity	15,182.67	13,626.75
Total Equity	15,901.61	14,345.69
Non-Current Borrowings	1,456.62	2,489.13
Current maturities of Non-Current Borrowings	932.06	908.52
Current Borrowings	3,078.87	5,059.03
Total Debts	5,467.55	8,456.68

45 Dividend

The Board of directors in their meeting held on 23rd June, 2021 have recommended dividend of ₹ 2/-per share aggregating ₹ 143.79 lacs.

In previous year, the Board of directors in their meeting held on 5th March, 2020 have recommended interim dividend of ₹ 1.50 per equity share aggregating ₹ 130.01 Lakhs including corporate dividend tax of ₹ 22.17 Lakhs for the financial year ended March 31, 2020.

- 46 Post lockdown announced on account of COVID-19 pandemic by State/Central Govt. w.e.f. 23rd March, 2020. Company has re-started its operations on 10th April 2020 and 20th April 2020 for Baddi & Guna unit respectively. However, the economic activities in the country again disrupted from April'21 due to impact of second phase of COVID-19. The company's operation was also affected which is now under process of stabilisation. The Company estimates to recover the carrying amount of all its assets including inventories and receivables in the ordinary course of business based on information available on current economic conditions. These estimates are subject to uncertainty and may be effected by the severity and duration of pandemic. The Company is continuously monitoring any material changes in future economic conditions.
- 47 The figures for the previous periods have been regrouped/rearranged, wherever considered necessary, to conform current year classifications.

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

For JKVS & Co.

Chartered Accountants
Firm Reg. No. 318086E

Sajal Goyal

Partner
Membership No. 523903

Place : Kolkata
Dated : 23rd June, 2021

PRADIP KUMAR DAGA
Chairman and Managing Director
DIN: 00040692

SHANTANU DAGA
Joint Managing Director
DIN: 08757724

PUNAM CHAND SHARMA

Chief Financial Officer

PUNEETA ARORA

Company Secretary

FCS: 7466

YASHWANT KUMAR DAGA - DIN:00040632

PRADEEP KUMAR DROLIA - DIN: 00291966

ANAND PRASAD AGARWALLA - DIN: 00312652

NILU AGRAWAL - DIN: 03107052

Directors

This image shows a single page from a notebook or ledger. It features approximately 20 evenly spaced horizontal black lines across its entire width, providing a template for writing. The margins are uniform on all sides, and there are no additional markings, text, or illustrations present.

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



DEEPAK SPINNERS LIMITED

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