



DEEPAK SPINNERS LIMITED

A Government Recognised Export House  
Corporate Identification No. : L17111HP1982PLC016465  
Plot No. 194 - 195, Fourth Floor, Industrial Area, Phase 2,  
Chandigarh - 160002, India | Phone: + 91 172 265 0973/74/77  
usha@dsl-india.com | www.dsl-india.com

DSL/PA/2022

4<sup>th</sup> June 2022

To,

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

Sirs,

**Subject: Annual Report for the year 2021-22**  
**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 2021-22

The Annual Report of the Company for the year 2021-22 is being sent electronically to those shareholders whose email IDs are registered with the Company / Registrar and Share Transfer Agent and the Depositories.

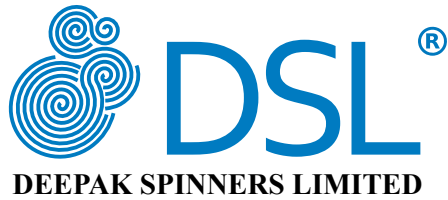
The Annual Report of the Company for the year 2021-22 is also being uploaded on the website of the Company, i.e., [www.dsl-india.com](http://www.dsl-india.com).

You are requested to take the same on your record.

**FOR DEEPAK SPINNERS LIMITED**

  
**(PUNEETA ARORA)**  
**COMPANY SECRETARY**

Encl. : as above



*40th*  
*ANNUAL REPORT*  
*2021-22*

**DEEPAK SPINNERS LIMITED**



# DEEPAK SPINNERS LIMITED

Corporate Identity Number (CIN) – L17111HP1982PLC016465

## Board of Directors

Shri Pradip Kumar Daga	: Chairman and Managing Director
Shri Yashwant Kumar Daga	: Vice Chairman and Senior Joint Managing Director
Shri Shantanu Daga	: Non-Executive Director
Smt. Asha Devi Daga	: Non-Executive Director
Shri Pradeep Kumar Drolia	: Non-Executive Independent Director
Smt. Nilu Agrawal	: Non-Executive Independent Director
Shri Anand Prasad Agarwalla	: Non-Executive Independent Director
Shri Vivek Chiraniya	: 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, District 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 - 473 001

Shri Dinesh Rajpurohit	: Executive Vice President (Operations)
Shri A. L. Shaikh	: Asst. Vice President (Power Plant)
Shri Y. K. Singh	: Asst. General Manager (Personnel & Administration)

## Company Secretary

Smt. Puneeta Arora

## Bankers

State Bank of India

## Auditors

M/s. JKVS & Company  
Formerly known as M/s. Jitendra K. Agarwal & Associates.  
Chartered Accountants  
New Delhi.

## Registered office

121, Industrial Area, Baddi. Tehsil Nalagarh, District 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 40th Report of the business and operations of your Company together with the Audited Financial Statements for the year ended 31st March 2022.

### 1. Financial Results (₹ in Lakhs)

Profit before Depreciation & Tax	6826.87
Less : Depreciation	1568.00
Tax Expense	
- Current year	1496.48
- Deferred Tax	(166.12)
Add: Other Comprehensive Income	11.27
Total Comprehensive Income for the year	3939.78
<b>Transfers and appropriations:</b>	
Dividend for 2020-21 paid during the year	143.79
Proposed dividend	179.73
Balance carried forward to Reserves and Surplus	3616.26

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 25% that is, ₹ 2.50 (Rupees Two and Paise Fifty Only) per equity share of the face value of ₹ 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 ₹ 179.73 lacs.

### 3. General Review

Your Company's policy of undertaking modernization and upgradation on a regular basis continues as before. During the year under review, investment on this account has been in the region of ₹ 11.34 crores. The 66 KV electricity connection at Baddi plant has been successfully completed and commissioned and the savings therefrom are expected to accrue during the current year. While lingering effects of the pandemic remain, markets have shown a positive trend with opening up of most parts of the country and the economy. However, the spurt in crude oil prices has resulted in sharp increase in costs of fibre and also in the costs of several other inputs notably dyes and chemicals. Volatility in the crude oil prices is a cause of uncertainty in market offtake and prices. Your Company, as reported in the past, is cautiously

optimistic and is evaluating all possible situations with a view to undertaking capex plans for the future.

### 4. Credit Rating

The Company has got the following credit rating from M/s. ICRA Limited on 14th February 2022.

Facility	Amount (Rs. Crore)	Rating / Outlook
<b>On Long Term Scale</b>		
Fund Based Limits (Cash Credit)	55.00	[ICRA] A- (Stable)
Fund Based Limits (Term Loan)	16.10	
Non Fund Based Limits (Bank Guarantee)	3.00	
<b>Total</b>	<b>74.10</b>	
<b>On Short Term Scale</b>		
Fund Based - Standby Line of Credit	5.00	[ICRA] A2+
Fund Based - Export Packing Credit (Interchangeable within the overall fund based working capital limit)	(15.00)	
Fund Based - Bill Discounting (Interchangeable within the overall fund based working capital limit)	(15.00)	
Non Fund Based	13.00	
<b>Total</b>	<b>18.00</b>	

### 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

As per Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the term of M/s. J K V S & Co., Chartered Accountants (formerly Jitendra K Agrawal & Associates) (ICAI Registration no. 318086E) as the Statutory Auditors of the Company expires at the conclusion of 40th Annual General Meeting (AGM) of the Company.

The Board of Directors of the Company at their meeting held on 10th May 2022, on the recommendation of the Audit Committee, have made its recommendation for appointment of M/s. Salarpuria & Partners, Chartered Accountants (ICAI Registration No. 302113E) ("M/s. S&P") as the Statutory Auditors of the Company by the members at the 40th AGM of the Company for a term of five consecutive years. Accordingly, pursuant to Section 139 of the Act, an ordinary resolution, proposing appointment of M/s. S&P as the Statutory Auditors of the Company for a term of five consecutive years, that is, from conclusion of 40th AGM of the Company till the conclusion of the 45th AGM of the Company, forms part of the Notice of 40th AGM of the Company.

The Company has received their written consent and a certificate that they satisfy the criteria provided under Section 141 of the Act and that the appointment, if made, shall be in accordance with the applicable provisions of the Act and rules framed thereunder.

M/s S&P is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India ("ICAI"). M/s. S&P was established in the year 1975. It has its head office at 7, C. R. Avenue, Laha Paint House, 3rd Floor, Kolkata 700 072 apart from branch offices in Bengaluru and New Delhi. It is primarily engaged in providing services for audit, assurance, taxation and integrated risk advisory to its clients.

## 7. Auditors' Report

The Auditors' Report to the Shareholders given by M/s. J K V S & Co., Chartered Accountants, 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 2021-22. The Secretarial Audit Report is annexed as 'Annexure – I', and forms an integral part of this Report.

The Secretarial Report is self-explanatory and does not call for any further comments. The Secretarial Audit Report does not contain and 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.

In terms of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors have appointed M/s A. Arora & Co., Company Secretaries (PCS Registration No. 993) as the Secretarial Auditors of the Company in relation to the Financial year 2022-23.

The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed thereunder. The Secretarial Auditors have confirmed that they are not disqualified to be appointed as the Secretarial Auditors of the Company for the financial year 2022-23.

## 9. Cost Audit

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company is required to make and maintain cost records in respect of its manufacturing activities and get them audited by a qualified Cost Accountant.

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 2022-23. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Companies Act, 2013 and rules framed thereunder. They have also confirmed that they are not disqualified to be appointed as Cost Auditors of the Company for the year 2022-23.

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 40th Annual General Meeting.

#### **10. Directors and Key Managerial Personnel (KMP)**

- (a) i) Shri Yashwant Kumar Daga (DIN 00040632), was appointed as Vice Chairman and Senior Joint Managing Director of the Company for a period of five years with effect from 23rd December 2021, till 22nd December 2026 by the Board of Directors in their meeting held on 23.12.2021 and was confirmed by shareholders at the Extra Ordinary General Meeting held on 20th April 2022,
- (ii) Smt. Asha Devi Daga (DIN 00048885), was appointed as an Additional Director by Board of Directors in their meeting held on 4.2.2022 and was confirmed as Non-Executive Director of the Company by shareholders at the Extra Ordinary General Meeting held on 20th April 2022.
- (iii) Shri Vivek Chiraniya (DIN 00166690), was appointed as an Additional Director by Board of Directors in their meeting held on 17.2.2022 and was confirmed as Independent Non-Executive Director of the Company by shareholders at the Extra Ordinary General Meeting held on 20th April 2022.
- (iv) Pursuant to Article 117 of the Articles of Association of the Company, the designation of Shri Shantanu Daga (DIN 08757724) was changed from Whole Time Director to Non-Executive Director subject to retirement by rotation with effect from 20th April 2022 in the Extra Ordinary General Meeting held on 20th April 2022.
- (v) Pursuant to Section 152 of Companies Act, 2013 and Articles of Association of the Company, Shri Shantanu Daga (DIN 08757724), 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 40th Annual General Meeting.

#### **(b) Statement on declarations given by Independent Directors**

All the Independent Directors of your Company have submitted the declarations 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) and are eligible for continuing as Independent Directors.

All the Independent Directors of the Company have confirmed compliance of relevant provisions of Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules, 2014.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise and they hold highest standards of integrity.

#### **(c) Meetings of Board of Directors**

During the year, eight 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 2022, 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 an annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors. 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 2022 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](http://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' and forms integral 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 2021-22.

The Policy on Vigil Mechanism is also posted on the Company's website [www.dsl-india.com](http://www.dsl-india.com). (weblink: [http://www.dsl-india.com/wp-content/uploads/2019/05/DSL\\_Vigil\\_Mechanism.pdf](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. 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](http://www.dsl-india.com/wp-content/uploads/2021/07/Nomination_and_Remuneration_Policy.pdf)

#### 16. Related Party Transactions

During the financial year 2021-22, 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 40th 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 Shri P. K. Daga Chairman and Managing Director and Shri Y. K. Daga Vice Chairman and Senior Joint 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 therewith.

## 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/2022/04/Draft\\_Annual\\_Return\\_2022.pdf](http://www.dsl-india.com/wp-content/uploads/2022/04/Draft_Annual_Return_2022.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

Your Directors place on record their deep appreciation of the co-operation extended by our Bankers, stakeholders, business associates, Central and State Governments and district level authorities for their co-operation and support and look forward to their continued support in future.

We are pleased to record our appreciation of the efficient and loyal services rendered by each and every employee and workman of the Company at all levels without whose whole-hearted efforts, the overall satisfactory performance would not have been possible.

**Pradip Kumar Daga**  
*Chairman and Managing Director*  
 (DIN 00040692)

**Yashwant Kumar Daga**  
*Vice Chairman and Sr. Joint Managing Director*  
 (DIN 00040632)

**Shantanu Daga**  
*Director*  
 (DIN 08757724)

**Pradeep Kumar Drolia**  
*Director*  
 (DIN 00291966)

**Anand Prasad Agarwalla**  
*Director*  
 (DIN 00312652)

**Vivek Chiraniya**  
*Director*  
 (DIN 00166690)

Place : Kolkata  
 Date : 10.05.2022

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY STRUCTURE & DEVELOPMENT

Being one of the major contributors to India's Gross Domestic Product (GDP), Textile Industry is always considered to be the sunrise sector. Even during the current global pandemic period, Industry was able to withstand and overcome various challenges. Signs of recovery are visible in the year 2021-22. Exports for textile products have exhibited an increase as compared to previous years. However, the recovery that was underway due to ebbing of second wave of pandemic encountered hurdles from a rapid surge in infections in the third wave of Omicron variant of Covid-19.

While India's textile and apparel trade with Russia and Ukraine is miniscule, inflationary pressures are expected on the textile industry as an outcome of Russia-Ukraine war. Oil and energy prices are expected to rise further. Prices of raw materials such as dyes and chemicals, imported from European countries have increased.

The Government has announced Rs. 10,683 crore Production Linked Incentive (PLI) Scheme for MMF and technical textiles, extending the incentive ranging from 7% to 15% based on incremental turnover for five years. With effect from 1<sup>st</sup> January 2022, different slabs of GST applicable to MMF products have been removed and all textile goods except cotton and cotton yarn have been brought under 12% GST rate, thereby removing inverted tax structure, which had resulted in huge accumulation of input tax credit. These steps by the Government would greatly benefit the industry.

### OPPORTUNITY AND THREATS

India's man-made fiber (MMF) products are known for their workmanship, colors and durability. Globally, the textile trade is dominated by MMF. For India to increase its share in the global textile trade, the country will have to increase its competitiveness in MMF value chain, in terms of price as well as diversification in products.

India's self sufficiency in raw materials across entire value chain and manufacturing capacity are factors favouring India over other countries. Government has announced many schemes such as PLI, Rebate of State and Central Taxes and levies (RoSCTL), the larger benefit of textile industry. Other measures include Technology Upgradation Fund Scheme (TUFS) and Scheme for Capacity Building in Textile Sector (SAMARTH) to train unskilled labour into skilled labour.

Low productivity due to lack of modernisation and research and development, volatile raw material prices, infrastructure bottlenecks, stringent environmental protocols may pose a threat to progress of MMF industry.

### SEGMENTAL REVIEW AND ANALYSIS

Your Company continues to operate in one segment only -- synthetic yarn. The work of upgrading electricity supplies to Baddi unit to 66 KV has been completed and successfully commissioned. The expected savings from this upgradation are expected to reflect in the current year's operations. Production at both units has been maintained and there was a sustained demand for yarn of all varieties. The efforts

to keep costs under control continue with emphasis on increased productivity.

### OUTLOOK

Post pandemic, demand for home textiles and knitted apparel has gone up. Consumption has increased for low cost and low maintenance MMF products due to hygiene consciousness and work from home culture thereby increasing the rise in demand for MMF for their manufacture.

Increased penetration of organized retail sector, growing population and rising income levels are likely to drive demand for textile product. It has been complemented by a growing young earning population, rising female work force which is exposed to changing tastes and fashion. 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 and Russia-Ukraine war 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 rising costs of raw materials and other input 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.

Indian exporters are at disadvantage due to discriminating duty treatment vis a vis Turkey, Bangladesh, Sri Lanka, Vietnam etc. in the EU and UK markets as India has failed to finalise Free Trade Agreements with these large importers of textile and apparels.

Textile industry in India is plagued with domestic issues including lack of skilled labour, inflexible labour laws, stringent environmental protocols, lack of modernization, infrastructure bottlenecks and a fragmented nature of the industry. Due to cash crunch and weak demand in the Indian and Export markets, it is becoming difficult to pass on the cost to end customer.

### INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company's internal control systems and procedures commensurate with the size and nature of its operations. The Company has adequate system of Internal Controls 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 management periodically reviews the internal control systems and procedures for

efficient conduct of the Company's business. 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. 2021-22	F.Y. 2020-21	Change (%)
Debtors Turnover Ratio	15.74	12.69	-24.03 %
Inventory Turnover Ratio	7.54	3.37	123.74%
Interest Coverage Ratio	16.59	6.93	139.39%
Current Ratio	1.61	1.41	14.18%
Debt Equity Ratio	0.24	0.34	-29.41%
Operating Profit Margin (%)	10.78	6.94	55.33%
Net Profit Margin (%)	9.95	5.36	85.63%
Return on Net Worth (%)	19.98	9.90	101.81%

The changes above 25% in ratios are mainly due to increase in sales and profits.

#### HUMAN RESOURCES

The employees on roll in the Company as on 31<sup>st</sup> March 2022 were 2964 (3130 as on 31<sup>st</sup> March 2021). Relations with the employees were cordial throughout the year. The Company

provides to its employees' favourable work environment conducive to good performance with high degree of quality and integrity. The Company continuously nurtures this environment to keep its employees highly motivated and result oriented. Effective Human Resource Practices and customized training programmes 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 31st MARCH, 2022

*[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,  
 Teh 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 company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2022 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 31<sup>st</sup> March, 2022, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 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 and Securities and Exchange Board Of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021: Not applicable during the financial year under review.
  - 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) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013: Not applicable during the financial year under review.
  - h) 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.
  - i) 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 Minimum Wages Act, 1948, The Payment of Bonus Act, 1965, The Employees Compensation Act, 1923 etc. and rules framed thereunder.

(vii) Environment Protection Act, 1986 and other environmental laws.

(viii) Hazardous Waste (Management and Handling) Rules, 1989 and the Amendments Rules, 2003.

(ix) The Air (Prevention and Control of Pollution) Act, 1981

(x) The Water (Prevention and Control of Pollution) Act, 1974

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

a) Secretarial Standards issued by The Institute of Company Secretaries of India.

b) The SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 being listed on BSE Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. 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.
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 decisions are 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. Based on the 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, there were no instances of

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

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

**Ajay K. Arora**  
(Proprietor)

FCS No. 2191  
C P No.: 993

UDIN: F002191D000294461

Place : Chandigarh  
Date : 10-05-2022

## Annual Report on Corporate Social Responsibility (CSR) Activities

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

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

2. **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	3	3
2.	Shri Pradeep Kumar Drolia (Till 04.02.2022)	Member / Non-Executive Independent Director	3	3
3.	Smt. Nilu Agrawal	Member / Non-Executive Independent Director	3	2
4.	Shri Anand Prasad Agarwalla (with effect from 04.02.2022)	Member / Non-Executive Independent Director	3	--

3. 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](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/2022/04/Composition\\_of\\_CSR\\_Committee.pdf](http://www.dsl-india.com/wp-content/uploads/2022/04/Composition_of_CSR_Committee.pdf)

**CSR Projects** - [http://www.dsl-india.com/wp-content/uploads/2022/04/CSR\\_Programmes\\_Approved\\_in\\_2021-22.pdf](http://www.dsl-india.com/wp-content/uploads/2022/04/CSR_Programmes_Approved_in_2021-22.pdf)

4. **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.
5. **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 31.03.2022-**

Sl. No.	Financial Year	Amount Available for set off from preceding financial years ( ₹ In Lakhs)	Amount Required to be set off for the year if any ( ₹ In Lakhs)
1	2020-21	2.79	2.79

6. **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)
2018-19	2287
2019-20	1275
2020-21	2150
Total	5712
<b>Average Net Profits</b>	<b>1904</b>

7.	(a)	Two percent of average net profit of the Company as per Section 135(5)	₹ 38.08 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	₹ 2.79 Lakhs
	(d)	Total CSR Obligation for the financial year	₹ 35.29 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 (₹ In Lakhs)	Date of Transfer	Name of Fund	Amount (₹ In Lakhs)	Date of transfer
36.91	-----Nil-----			-----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)	
Sl. 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 (₹ In Lakhs)	Amount Spent in the current financial year (₹ In Lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ In Lakhs)	Mode of Implementation Direct (Yes/No)	Mode of implementation Through Implementing Agency	
				State	District						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	1.59*	28.58	Yes	-	-
	<b>Total</b>							29.85	1.59 *	28.58		

**Note :** \* This amount is over and above the amount transferred to Unspent CSR Account. The Unspent CSR Account was fully utilized.

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. 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 (₹ In Lakhs)	Mode of implementation Direct (Yes / No)	Mode of implementation Through Implementing Agency	
				State	District			Name	CSR Registration Number
1.	Installing Tube Well for drinking water	Making available safe drinking water	Yes	Himachal Pradesh	Solan	2.18	Yes	--	--
2.	Installing Tube Well for drinking water	Making available safe drinking water	Yes	Madhya Pradesh	Guna	1.20	Yes	--	--
3.	Donation for Covid Beds	Promoting health care	Yes	Himachal Pradesh	Solan	0.50	Yes	--	--
4.	Distributing Blankets to poor	Promoting preventive health care	Yes	Chandigarh	Chandigarh	0.12	Yes	--	--
5.	Constructing School Boundary Wall for three schools	Promoting Education	Yes	Madhya Pradesh	Guna	10.87	Yes	--	--
6.	Installing Solar Street Lights at three villages.	Rural Development	Yes	Madhya Pradesh	Guna	20.45	Yes	--	--
	<b>Total</b>					35.32			

(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)	₹ 36.91 Lakhs

**(g) Excess amount for set off, if any**

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per Section 135(5)	₹ 35.29 Lacs
(ii)	Total amount spent for the Financial Year	₹ 36.91 Lakhs
(iii)	Excess amount spent for the Financial Year [(ii) – (i)]	₹ 1.62 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)]	₹ 1.62 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)**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project.	Financial Year in which the project was commenced	Project Duration	Total Amount allocated for the Project (₹ In Lakhs)	Amount Spent in the reporting financial year (₹ In Lakhs)	Cumulative amount spent at the end of reporting financial year (₹ In Lakhs)	Status of the project – completed / Ongoing.
1	FY31.03.2021_1	Civil work on cremation ground, at Baddi	2020-21	36 months	29.85	30.17	31.44	Ongoing

**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 : 10.05.2022  
Place : Kolkata

**Pradip Kumar Daga**  
(Chairman and Managing Director)  
(DIN 00040692)

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

## 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.
-

**'Annexure -IV'**

**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 2021-22**

<b>Sr. No.</b>	<b>Name of Director</b>	<b>Remuneration of Directors for financial year 2021-22 (₹ In Lakhs)</b>	<b>Ratio of remuneration of each Director to median remuneration of employees</b>
1.	Shri Pradip Kumar Daga, Chairman and Managing Director	107.52	90.63
2.	Shri Yashwant Kumar Daga, Vice Chairman and Sr. Joint Managing Director (w.e.f. 23.12.2022)	2.96	2.49
3.	Shri Shantanu Daga, Whole Time Director	83.25	70.17
4.	Smt. Asha Devi Daga (Additional Director w.e.f. 04.02.2022)	0.83	--
5.	Shri Pradeep Kumar Drolia	4.90	4.13
6.	Smt. Nilu Agrawal	4.15	3.50
7.	Shri Anand Prasad Agarwalla	4.15	3.50
8.	Shri Vivek Chiraniya (Additional Director w.e.f. 17.02.2022)	0.59	--

**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 2021-22

**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 15.59%.

Shri Shantanu Daga, Whole Time Director, Shri U. K. Pattnaik, President and Shri P. C. Sharma, Chief Financial Officer were appointed during the previous year. Therefore, comparison can not be made with current year remuneration.

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

**iii)** There was an increase of 9.76% in the median remuneration of employees in the financial year 2021-22.

**iv)** There were 2964 number of permanent employees on the roll of the Company as on 31.03.2022.

**v)** Average salary increase of employees other than Key Managerial Personnel in the last financial year, i.e. 2021-22 was about 7.48%. Average increase in the remuneration of Key Managerial Personnel was about 10.09%. 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 –

##### i) Baddi Works

1. Electrical Energy saved 18600 units per year by replacing the Splicer Valves in the Autoconer Machines which are consuming higher compressed air.
2. Electrical Energy saved in all the Waste Collection Machines after optimizing the suction pressure. Total 1,40,000 units saved per year.
3. Electrical Energy saved after efficiently operating the Humidification plant by synchronizing speed of fans and pumps as per requirement during the winter season every year. Total 9,20,000 units saved yearly.
4. Electrical units 30,000 & anti scaling chemical 1100 kg per year saved after stopping the Reverse Osmosis Water plant (RO plant) and used the Soft Water in Dye House.
5. Heat Energy saved after installation of Pet Coke Ash Recovery System in Boiler and saved 603 Metric Tonne (MT) during the year.
6. Electrical Energy 32,000 units along with 22 MT pet coke saved by replacing the steam Air Dryer with Radio Frequency Dryer yearly.
7. Heat Energy saved 23 MT pet coke by stopping the direct use of the steam in Dye House supply water tanks yearly.
8. Heat Energy of 5 MT pet coke saved by reducing the steam line path/length of the Seiger Machine yearly.
9. Heat Energy of 2.5 MT pet coke also saved in the yarn conditioning Machine by conversion in to Electrical Heating System from Steam Heating System yearly.
10. Heat Energy of 32 MT pet coke saved after installation of Flash Steam Recovery System along with Heat recovery unit in the Feed Water Tanks of the Boiler this year.

#### ii) Guna Works

1. Electrical energy saved in waste collection machines by optimizing the suction pressure resulting in saving of 1,63,000 units per year.
2. Overhead clearer fan working changed from continuous to intermittent system resulting in saving of electrical energy 58,000 units per year.
3. Electrical energy saved after removal of Mixing Opener machine resulting in saving of 52,500 units per year.
4. Electrical energy saved due to stopping of mixing Blenders, Fans & Condensers of mixing departments average 8 hrs daily resulting in saving of 1,88,000 units per year.
5. Bore well motor was interlinked with minimum water level sensor of Tank resulting in stopping of motor by 3 - 4 hrs daily. Electrical energy 12,000 units per year was saved.

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

##### i) Baddi Works

Using the Acrylic sun light sheet in the old dye house and Unit No.1 (Packing) in day time as alternate source of lighting.

##### ii) Guna Works

Unit has ordered for installation of 3.7 MW solar energy plant which will be commissioned in 2022-23.

#### c) The Capital investment on energy conservation equipment -

The Company has invested Rs 105 Lakhs during the year for conservation of electrical energy and heat energy in both units.

### 2. TECHNOLOGY ABSORPTION

#### a) Efforts made towards technology absorption–

The Company is committed to absorb new technology time to time to improve working efficiency of plant. New Auto-leveller Draw frames, replacement of old manual dyeing machine with automatic dyeing machine, replacement of old Autoconer with new machines are part of this process.

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

After installation of these machines, our yarn quality parameters improved along with increase in production and reduction in energy consumption.

**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	2 no. Autoconer Machines from Saurer Schaffrost Germany
ii)	The year of import	2021-22
iii)	Whether the technology been fully absorbed	Yes

iv)	If not fully absorbed, areas where absorption has not taken place and the reasons thereof	N.A.
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**d) The expenditure incurred on Research and Development (R & D) =**

The Company has successfully taken Global Recycle Standard (GRS) certificate for its products manufactured from recycle fibre in both the units.

**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)	5985
Foreign Exchange used (outflow)	363

## 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 is conscious of the fact that the success of a corporation is a reflection of the professionalism, conduct and ethical values of its management and employees. The Company's governance practices are self-driven. The Company is committed to adopt and implement best corporate governance practices at all times.

### 2) BOARD OF DIRECTORS

#### a) Composition of Board of Directors -

As on 31st March 2022, in compliance with the Listing Regulations, the Company's Board of Directors headed by Executive Chairman, Shri Pradip Kumar Daga, comprised 7 other Directors, out of which 4 are Independent Non-executive Directors, including a woman director. This does not include Smt. Jyotsna Mital, who was appointed during the year but resigned before 31.03.2022. 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 2022 as applicable is given hereunder –

Director	DIN	Category	No. of Board Meetings attended	Attendance at the last AGM on 23.09.2021	*Number of Directorships in other Indian Public Companies	**Committee(s) positions in other Companies		Names of Other Listed Companies where Directorship held and kind of Directorship
						As Member	As Chairman	
Shri Pradip Kumar Daga (Chairman and Managing Director)	00040692	Promoter/ Executive	6	Yes	2	1	--	1. Longview Tea Co. Ltd (Promoter/Non-Executive) 2. Deepak Industries Ltd. (Chairman and Managing Director)
Shri Yashwant Kumar Daga (Vice Chairman and Senior Joint Managing Director w.e.f. 23.12.2021)	00040632	Promoter / Executive	7	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 (Whole Time Director)	08757724	Promoter/ Executive	5	Yes	--	--	---	---
Shri Pradeep Kumar Drolia	00291966	Non-Executive Independent	8	Yes	1	--	---	1. Indo Eco (India) Ltd (Non-Executive /Independent Director)
Smt Nilu Agrawal	03107052	Non-Executive Independent	5	Yes	--	--	---	---

Director	DIN	Category	No. of Board Meetings attended	Attendance at the last AGM on 23.09.2021	*Number of Directorships in other Indian Public Companies	**Committee(s) positions in other Companies		Names of Other Listed Companies where Directorship held and kind of Directorship
						As Member	As Chairman	
Shri Anand Prasad Agrawal	00312652	Non-Executive Independent	8	Yes	1	1	1	Deepak Industries Ltd (Non-Executive Independent Director)
Smt. Asha Devi Daga (w.e.f. 04.02.2022)	00048885	Non-Executive Director	3	N.A.	--	--	--	--
Shri Vivek Chiraniya (w.e.f. 17.02.2022)	08832160	Non-Executive Independent	2	N.A.	--	--	---	---
Smt. Jyotsna Mital (from 04.02.2022 to 16.02.2022)	09486952	Non-Executive Independent	N.A.	N.A.	--	--	---	---

- 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](http://www.dsl-india.com/wp-content/uploads/Investor_Relations/BOD/Term_Cond_App_Ind_Dir.pdf))

#### b) Familiarisation Programmes for Independent Directors

The Company has Familiarisation Programme, for Independent Directors with regard to their roles, rights, responsibilities in the Company, 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\\_2021-22.pdf](http://www.dsl-india.com/wp-content/uploads/Details_of_Familiarisation_Programmes_2021-22.pdf)

#### c) Relationships of Directors inter se

Shri Yashwant Kumar Daga, Vice Chairman and Senior Joint Managing Director is son of Shri Pradip Kumar Daga, Chairman and Managing Director and Smt. Asha Devi Daga, Non-Executive Director and father of Shri Shantanu Daga, Whole Time Director. Shri Pradip Kumar Daga, Chairman and Managing Director and Smt. Asha Devi Daga, Non-Executive Director are related to each other as husband and wife. No other Directors are related to each other.

#### d) Shareholdings of Non Executive Directors in the Company as on 31st March 2022:-

Non-Executive Directors	No of ordinary shares @Rs.10/-
Smt. Asha Devi Daga	3,86,428
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 2022, Eight meetings of the Board of Directors were held on –

- (i) 23rd June 2021, (ii) 12th August 2021, (iii) 11th November 2021, (iv) 23rd December 2021, (v) 4th February 2022, (vi) 17th February 2022, (vii) 8th March 2022 and (viii) 21st March 2022.

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. All material information was circulated to the Directors in advance and as per statutory timelines or placed at the 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 27th January 2022 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**

The core skills / expertise / competencies as identified by the Board of Directors as required in the context of the Company's business and sector for it to function effectively and those actually available with the Board of Directors are given below -

- 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 31.3.2022, 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	✓	✓	✓	✓	✓		✓		
Smt Asha Devi Daga	✓	✓	✓						✓
Shri Vivek Chiraniya	✓	✓	✓	✓	✓		✓	✓	✓

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) Smt. Jyotsna Mital, was appointed Independent Director in the Board Meeting held on 4th February 2022 but resigned on 16.2.2022. As per her resignation letter, she had resigned due to some unforeseen developments on

personal front and she had also confirmed that there was no other reason for her resignation other than as provided in the resignation letter. No other 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, Smt. Nilu Agrawal and Shri Anand Prasad Agarwalla as members. Shri Yashwant Kumar Daga, Vice Chairman and Senior Joint Managing Director is also a member of the Audit Committee. 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 six times, as on –

- (i) 2nd June 2021, (ii) 23rd June 2021, (iii) 12th August 2021, (iv) 11th November 2021, (v) 23rd December 2021 and (vi) 4th February 2022.

The maximum gap between any two consecutive meetings was less than 120 days. The Composition of the Audit Committee as at 31st March 2022 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	6
Shri Yashwant Kumar Daga	Member	Executive Non-Independent	5
Smt Nilu Agrawal	Member	Non-Executive Independent	5
Shri Anand Prasad Agarwalla (w.e.f. 01.02.2022)	Member	Non-Executive Independent	1

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.

#### 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 five times on –

(i) 23rd June 2021, (ii) 23rd December 2021, (iii) 28th January 2022, (iv) 17th February 2022 and (v) 7th March 2022.

The Composition of the Nomination and Remuneration Committee as at 31st March 2022 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	5
Shri Yashwant Kumar Daga (till 23.12.2021)	Member	Non-Executive Non- Independent (till 23.12.2021)	1
Shri Anand Prasad Agarwalla (w.e.f. 23.12.2021)	Member	Non-Executive Independent	3
Smt Nilu Agrawal	Member	Non-Executive Independent	5

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 2021-22:-

Amount in ₹

Name of the Director	Salary	Perquisites/LTA	Company's Contribution to Provident Fund	Commission (for FY 2021-22 payable in FY 2022-23)**	Sitting fees paid during the year*	Total (Rs.)
Sh.P.K.Daga (Chairman and Managing Director)	96,00,000	--	11,52,000	--	--	1,07,52,000
Sh. Shantanu Daga (Whole Time Director)	54,82,500	21,84,213	6,57,900	--	--	83,24,613
Sh.Yashwant Kumar Daga	--	--	--	1,83,000	1,12,500	2,95,500
Sh.Pradeep Kumar Drolia	--	--	--	2,50,000	2,40,000	4,90,000
Smt. Nilu Agrawal	--	--	--	2,50,000	1,65,000	4,15,000
Sh. Anand Prasad Agarwalla	--	--	--	2,50,000	1,65,000	4,15,000
Smt. Asha Devi Daga	--	--	--	38,000	45,000	83,000
Shri Vivek Chiraniya	--	--	--	29,000	30,000	59,000

\* Sitting fees for attending meetings of the Board and /or Committee thereof. The Company pays sitting fees of ₹ 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.

\*\* 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, pay-

ment 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 roles and responsibilities of the Stakeholders Relationship Committee are as prescribed under Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations and includes –

- Resolving of grievances of shareholders of the Company, including related to transmission / transposition of shares, non-receipt of annual report, general meetings, non-receipt of declared dividends, issue of new/duplicate shares certificates, recording of dematerialization / rematerialization of shares and related matters.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar and Transfer Agents.
- 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 2022, 4 complaints were received and all were satisfactorily disposed off. As on 31.03.2022, pendency of complaints was Nil.

During the year, Committee met two times, as on – (i) 23rd June 2021 and (ii) 11th November 2021. The Composition of the Stakeholders Relationship Committee as at 31st March 2022 and the details of Members' participation at the meetings of the Committee are as under:-

<b>Name of the Member</b>	<b>Status</b>	<b>Category</b>	<b>No. of Meetings attended</b>
Shri Anand Prasad Agarwalla	Chairman	Non-Executive Independent	2
Shri Yashwant Kumar Daga	Member	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 –

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

During the year, the Committee meeting was held on – (i) 23rd June 2021, (ii) 11th November 2021 and (iii) 4th February 2022. The composition of the Corporate Social Responsibility Committee as at 31st March 2022 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	Executive Non-Independent	3
Shri Pradeep Kumar Drolia (till 04.02.2022)	Member	Non-Executive Independent	3
Smt. Nilu Agrawal	Member	Non-Executive Independent	2
Shri Anand Prasad Agarwalla (w.e.f. 04.02.2022)	Member	Non-Executive Independent	0

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

## 7) GENERAL BODY MEETINGS

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

Particulars	Location	Date	Time	Whether any special resolution passed
37 <sup>th</sup> AGM	121, Industrial Area, Baddi, Tehsil Nalagarh, dist-Solan, Pin-173205 (H.P.)	12.09.2019	02.00 P.M.	4
38 <sup>th</sup> 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
39 <sup>th</sup> AGM	Conducted through video conferencing, deemed venue of which was 121, Industrial Area, Baddi, Tehsil Nalagarh, dist-Solan, Pin-173205 (H.P.)	23.09.2021	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 :-

- Re-appointment of Shri Pradeep Kumar Drolia as an Independent Director for a further term of 5 years.
- Re-appointment of Smt. Nilu Agrawal as an Independent Director for a further term of 5 years.
- To adopt a new set of Articles of Association of the Company in place of the existing one.
- 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 remote e-voting as well as e-voting during the AGM and all the resolutions were passed with requisite majority. The following special resolutions were passed :-

1. Re-appointment of Shri Pradip Kumar Daga as Managing Director for a further term of 3 years.
2. Appointment of Shri S. B. Sharda as Whole Time Director.

### 39th AGM held on 23.09.2021

As required, voting was conducted electronically with M/s. Central Depository Services (India) Limited facilitating the remote e-voting as well as e-voting during the AGM and all the resolutions were passed with requisite majority. The following special resolutions were passed :-

1. To appoint Shri Shantanu Daga as Whole Time Director.
2. To keep registers under Section 88 of the Companies Act, 2013 at a place other than at Registered Office of the Company.

### b) Extra Ordinary General Meeting

No Extra Ordinary General Meeting was held during the year.

### c) Postal Ballot

- i) Whether any special resolution passed last year through postal ballot and details of voting pattern—  
Special Resolution passed at the Annual General Meeting of the Company held last year was not put through postal ballot.
- ii) Person who conducted the postal ballot exercise - Not applicable.
- iii) Whether any special resolution is proposed to be conducted through postal ballot?  
Special Resolutions to be passed at the ensuing Annual General meeting of the Company are not proposed to be put through postal ballot. However, for other special resolutions, if any, in the future, the same will be decided at the relevant time.
- iv) 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 Jansatta (regional newspapers) and Financial Express (National - English) and are also displayed at the Company's website [www.dsl-india.com](http://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 –

<b>Annual General Meeting</b>	:	
Day, Date and Time	:	Thursday, 30 <sup>th</sup> June 2022 at 2.30 p.m.
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.)
<b>Dates of Book closure</b>	:	From Friday, 24 <sup>th</sup> June 2022 to Thursday, 30 <sup>th</sup> June 2022 (both days inclusive)
<b>Cut-off Date</b>	:	Thursday, 23 <sup>rd</sup> June 2022
<b>Dividend Payment Date</b>	:	Dividend on Equity Shares will be made payable from 7 <sup>th</sup> July 2022 onwards once approved by shareholders in Annual General Meeting.
<b>Financial Year</b>	:	1 <sup>st</sup> April to 31 <sup>st</sup> March
<b>Financial Calendar 2022-23 (Tentative)</b>		
First Quarter Results		First or second week of August 2022
Second Quarter Results		First or second week of November 2022
Third Quarter Results		First or second week of February 2023
Annual Results		Second week onwards of May 2023

**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 2022-23 has been paid to the Stock Exchange.

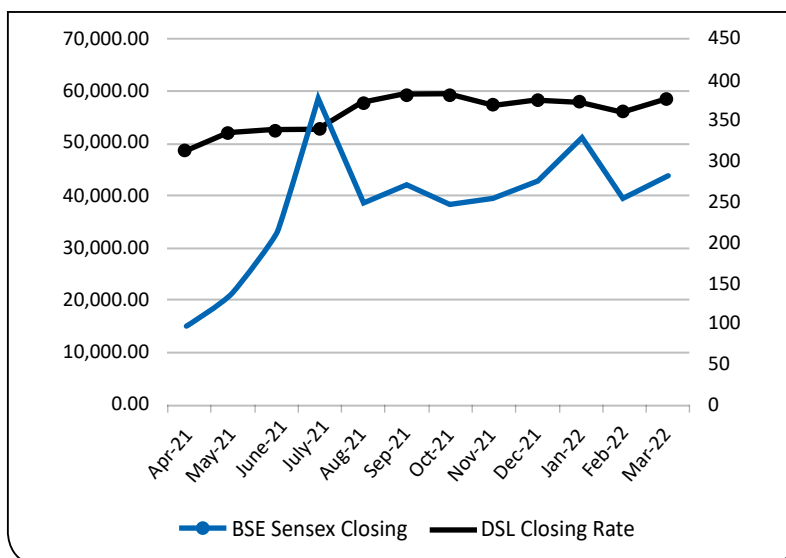
**Market Price Data**

The details of monthly highest and lowest closing quotations of the equity shares of the Company during financial year 2021-22 are as under :-

(In ₹ per Share)

Month	BSE Limited		Month	BSE Limited	
	High	Low		High	Low
April 2021	107.70	86.05	October 2021	309.15	206.55
May 2021	150.50	94.75	November 2021	297.35	221.10
June 2021	234.00	130.10	December 2021	305.00	247.55
July 2021	391.75	201.10	January 2022	385.00	265.55
August 2021	464.85	232.45	February 2022	353.90	215.00
September 2021	321.80	236.65	March 2022	342.00	242.00

(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](mailto: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 31.03.2022.

Sr. No.	Category	No. of Shares	% 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	6,21,454	8.64
5	NRIs and OCBs	1,57,184	2.19
6.	Foreign Nationals	700	0.01
7.	Other Resident Individuals	31,20,527	43.40
	<b>Total</b>	<b>71,89,368</b>	<b>100.00</b>

### Distribution of Shareholding as on 31.03.2022.

Shareholding	No. of Shares held	% of total paid Up Capital	No. of Share holders	% of total No. of Shareholders
Upto 500	12,30,721	17.12	11,980	94.45
501-1000	3,19,014	4.43	412	3.25
1001-10000	6,61,149	9.20	245	1.93
10001 & above	49,78,484	69.25	47	0.37
<b>Total</b>	<b>71,89,368</b>	<b>100.00</b>	<b>12684</b>	<b>100</b>

### 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](http://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 2022, 91.99% 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.

### 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. Export sales transactions are covered under PCFC (Pre-Shipment Credit In Foreign Currency) facility availed from the Bankers of the Company and there is a natural hedging partly available in terms of exports made by the Company. The details of foreign exchange exposure are detailed in Note no. 40 of Annual Financial Statements.

## Plant locations

- i) 121, Industrial Area, Baddi, Tehsil Nalagarh, District Solan , Himachal Pradesh - 173205
- ii) Village Pagara, Tehsil & District Guna, Himachal Pradesh - 473001

## 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.

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

## Designated email-id for investor servicing :

The e-mail ids designated exclusively for investor servicing—[mdpldc@yahoo.com](mailto:mdpldc@yahoo.com) and [puneeta.arora@dslindia.in](mailto:puneeta.arora@dslindia.in)

## Credit Rating

The Company has got the following credit rating from M/s. ICRA Limited on 14th February 2022.

Facility	Amount (Rs. Crore)	Rating / Outlook
<b>On Long Term Scale</b>		
Fund Based Limits (Cash Credit)	55.00	[ICRA] A- (Stable)
Fund Based Limits (Term Loan)	16.10	
Non Fund Based Limits (Bank Guarantee)	3.00	
<b>Total</b>	<b>74.10</b>	
<b>On Short Term Scale</b>		
Fund Based - Standby Line of Credit	5.00	[ICRA] A2+
Fund Based – Export Packing Credit (Interchangeable within the overall fund based working capital limit)	(15.00)	
Fund Based – Bill Discounting (Interchangeable within the overall fund based working capital limit)	(15.00)	
Non Fund Based	13.00	
<b>Total</b>	<b>18.00</b>	

**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 2022.

## 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.  
 (weblink: [http://www.dsl-india.com/wp-content/uploads/2019/05/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](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.

- 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 2021-22.

- 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 2021-22.
- 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 2021-22, 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 2021-22 were as follows-

	Amount in ₹
Audit Fee	9,98,250
Limited Review	2,72,250
Certification Fee	60,500
Reimbursement of Expenses	23,454
<b>Total</b>	<b>13,54,454</b>

- 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 2022 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](http://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
2020-21	M/s. Shakti K. & Associates, Cost Accountants,	27.08.2021

The above report was adopted by the Board of Directors at its meeting held on 10th May 2022

**'Annexure – A'**

**DECLARATION REGARDING COMPLIANCE OF THE CODE OF CONDUCT.**

To,  
The Members of  
**Deepak Spinnners 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 2022.

Place : Kolkata  
Date : 10.05.2022

**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, 2022 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. Shantanu Daga	08757724	09.11.2020
6.	Mr. Anand Prasad Agarwalla	00312652	10.11.2020
7.	Mrs. Asha Devi Daga	00048885	04.02.2022
8.	Mr. Vivek Chiraniya	00166690	17.02.2022

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

UDIN: F002191D000288554

Date: 09.05.2022

Place: Chandigarh

**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 Spinnners Limited**

121, Industrial Area, Baddi, Tehsil-Nalagarh  
District-Solan (Himachal Pradesh) -173205

1. The Corporate Governance Report prepared by Deepak Spinnners 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, 2022. 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, 2022, referred to in paragraph 1 above.

**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*

Place: New Delhi

Date: May 10, 2022

Membership Number: 523903

UDIN: 22523903AJHNCG1140

## 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, 2022, 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, 2022, 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, 2022. 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.	<b>Valuation of inventories</b> We refer to Note 2 and 9 to the financial statements. As at March 31, 2022, the total carrying amount of inventories was Rs. 8117.53 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.	<b>How our audit addressed the key audit matter:</b> 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.	<b>Trade and other receivables</b> As disclosed in Note 6,7,8,10,13 and 15 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-	<b>How our audit addressed the key audit matter:</b> 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

S. N.	Key Audit Matter	Auditor's Response
	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.	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.	<b>Evaluation of uncertain tax positions</b> Refer Notes 2, 25 and 38 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.	<b>How our audit addressed the key audit matter:</b> We have obtained details of complete tax assessments and demands as at March 31, 2022 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.

#### 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, 2022 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, 2020 ("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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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, 2022 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.
- (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:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. a. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with

the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

- b. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement
- v. During the year, the Company has declared and paid dividend amounted to Rs. 143.79 Lakhs for the year ended March 31, 2021 which is in compliance of section 123 of the Companies Act, 2013.

**For J K V S & CO.**  
*Chartered Accountants*  
Firm Reg. No. 318086E

**Sajal Goyal**  
*Partner*

Membership No. 523903  
Udin: 22523903AISLCY7862

Place: New Delhi  
Date: May 10, 2022

## Annexure 'A' to Independent Auditor's

**Annexure 'A' to Independent Auditor's Report of even date to members of Deepak Spinners Limited on the financial statements as of and for the year ended March 31, 2022 (Referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements)**

- (i) (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant & equipment.
- (B) The Company is maintaining proper records showing full particulars of intangible assets
- (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 physically verified during the year and no material discrepancies were noticed.
- (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 held by the company since 21st February, 1994 for which registration is pending and title deed held is in the name of sellers other than promoter, director or relative of promoter/director or employee of promoter/director.
- (d) The Company has not revalued its property, plant and equipment (including right of use assets) and intangible assets during the year. Therefore, the provisions of clause 3(i)(d) of the Order are not applicable to the Company.
- (e) According to information and explanations given by the management, no proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Therefore, provisions of clause 3(1)(e) of the Order are not applicable to the Company
- (ii) a. The management has conducted physical verification of inventories during the year at reasonable interval and in our opinion, the coverage and procedure of such verification by the management is appropriate. No discrepancies of 10% or more in the aggregate for each class of inventory were noticed on such physical verification.
- b. The Company has been sanctioned working capital limits during the year in excess of five crores rupees, in aggregate, from a bank on the basis of security of current assets. Based on the examinations of the books of accounts and quarterly statements submitted to the bank, aggregate value of stocks and debtors are not in agreement with the books of accounts as mentioned in note no. 21 to the financial statements.
- (iii) During the year, the Company has not made any investment in firms, limited liability partnership or any other parties except investment in a company which is not prejudicial to the interest of the Company. The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year.
- (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 during the year. Therefore, the provisions of clause 3(iv) of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposit or amount which are deemed to be deposits covered under sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) during the year. Therefore, provisions of clause 3(v) of the Order are not applicable to the Company.
- (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 in respect of the Company's products to which the said rules are applicable and are of the opinion that prima facie, the prescribed records have been made and maintained. We have not, however, 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 examined by us, the Company is regular in depositing undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-tax, Sales tax, Service tax, Duty of customs, Duty of excise, Value Added tax, Cess and other statutory dues as applicable, with the appropriate authorities. There were 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 information and explanation given to us and the records of the Company

examined by us, there are no statutory dues referred to in sub-clause (a) on account of any dispute except the followings:

Name of Statute	Nature of dues	Amount (Rs. In Lakhs)	Forum where dispute is pending	Period
The Central Excise Act, 1944	Demand for excise duty	5.63	Hon'ble High Court, Shimla	2004-05
		2.34	CESTAT	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
The Employees' Provident funds and Miscellaneous Provision Act, 1952	Provident fund liability on Apprentices trainees	70.33	Central Government Industrial Tribunal cum Labour court- Jabalpur	2012-13
The Madhya Pradesh Upkar Adhiniyam, 1981	Cess on captive generation of electricity	17.75	Hon'ble Madhya Pradesh High Court Bench Gwalior	2012
Madhya Pradesh Vidyut Shulk Abhiniyam, 2012	Dispute in relation to rate of electricity duty including interest	528.25	Hon'ble Madhya Pradesh High Court Bench Gwalior	2017-18

(viii) According to the information and explanation given to us, there were no transactions which have not recorded in the books of account, have been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year. Therefore, provisions of clause 3(viii) of the Order are not applicable to the Company

(ix) a. The Company has not defaulted in repayment of loan and in the payment of interest thereon during the year. Therefore, the provisions of clause 3(ix)(a) of the Order are not applicable to the Company.

- b. According to information and explanations given by the management, the Company is not declared wilful defaulter by any bank or financial institution or other lender.
- c. The Company has not obtained any term loan during the year. Therefore, the provisions of clause 3(ix)(c) of the Order are not applicable to the Company.
- d. According to the information and explanations given to us, and the procedures performed by

us, and on an overall examination of the financial statements of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

e. The Company has no subsidiaries, joint ventures or associates. Therefore, the provisions of clause 3(ix)(e) of the Order are not applicable to the Company.

f. The Company has not raised any loan during the year. Therefore, the provisions of clause 3(ix)(f) of the Order are not applicable to the Company.

(x) a. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the provisions of clause 3(x)(a) of the Order are not applicable to the Company.

b. The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, the provisions of clause 3(x)(b) of the Order are not applicable to the Company.

- (xi) a. 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, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year nor have we been informed of any such case by the management.
- b. We have not come across any instance of fraud, therefore report under sub-section 12 of section 143 of the Companies Act, 2013 is not required to be filed by us in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c. As reported to us by the management, there are no whistle-blower complaints received by the Company during the year.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- (xiii) As per records of the Company examined by us, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 where applicable and details for the same have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- (xiv) a. In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business;
- b. We have considered internal audit reports of the Company issued till date, for the period under audit.
- (xv) According to the information and explanations given to us, in our opinion the Company has not entered into any non-cash transactions with its directors or persons connected with them during the year hence provision of section 192 of the Companies Act, 2013 are not applicable to the Company. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- (xvi) a. In our opinion, 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)(a) of the Order are not applicable to the Company.
- b. In our opinion, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore, the provisions of clause 3(xvi)(b) of the Order are not applicable to the Company.
- c. In our opinion, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Therefore, the provisions of clause 3(xvi)(c) of the Order are not applicable to the Company.
- d. According to the representations given by the management, there is no CIC as part of the Group.
- (xvii) The Company has not incurred cash loss in the financial year and in the immediately preceding financial year. Therefore, the provisions of clause 3(xvii) of the Order are not applicable to the Company.
- (xviii) There has been no resignation of statutory auditor during the year. Therefore, the provisions of clause 3(xviii) of the Order are not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) The Company has no unspent amount relating to CSR activity, which is required to be transferred to a fund specified in Schedule VII to the Companies Act 2013. Therefore, the provisions of clause 3(xx) of the Order are not applicable to the Company.
- (xxi) The Company does not have subsidiary, associate or joint venture. Therefore, the provisions of clause 3(xxi) of the Order are not applicable to the Company.

**For J K V S & CO.**  
Chartered Accountants  
Firm Reg. No. 318086E

**Sajal Goyal**  
Partner

Place: New Delhi  
Date: May 10, 2022

Membership No. 523903  
Udin: 22523903AISLCY7862

## Annexure 'B' to Independent Auditor's

**Annexure B to Independent Auditor's Report of even date to the members of Deepak Spinners Limited on the financial statements for the year ended March 31, 2022 (Referred to in paragraph 2(f) of our report on the other legal and regulatory requirements)**

We have audited the internal financial controls with reference to financial statements of Deepak Spinners Limited ("the Company") as of March 31, 2022 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, 2022, 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 J K V S & CO.**  
*Chartered Accountants*  
Firm Reg. No. 318086E

**Sajal Goyal**  
*Partner*

Place: New Delhi  
Date: May 10, 2022

Membership No. 523903  
Udin: 22523903AISLCY7862

## BALANCE SHEET AS AT 31ST MARCH, 2022

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

	Note	As at 31st March, 2022	As at 31st March, 2021
<b>ASSETS</b>			
<b><u>Non-Current Assets</u></b>			
Property, Plant and Equipment	'3'	14,861.94	15,059.14
Capital Work-in-Progress	'3A'	73.92	316.48
Right of use Assets	'4'	167.70	188.52
Intangible assets	'5'	14.46	35.86
Financial Assets			
a. Investment	'6'	1.90	-
b. Other Non Current Financial Assets	'7'	340.82	268.99
Other Non-Current Assets	'8'	1,704.46	14.61
		<u>17,165.20</u>	<u>15,883.60</u>
<b><u>Current Assets</u></b>			
Inventories	'9'	8,117.53	5,896.92
Financial Assets			
a. Trade Receivables	'10'	3,314.36	3,399.26
b. Cash and Cash Equivalents	'11'	6.97	57.12
c. Bank balances other than (b) above	'12'	61.07	41.09
d. Other Financial Assets	'13'	187.79	284.76
Current Tax Assets (Net)	'14'	361.16	302.06
Other Current Assets	'15'	1,234.79	970.42
		<u>13,283.67</u>	<u>10,951.63</u>
		<u>30,448.87</u>	<u>26,835.23</u>
<b>Total Assets</b>			
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Equity</u></b>			
Equity Share Capital	'16'	718.94	718.94
Other Equity	'17'	18,978.66	15,182.67
		<u>19,697.60</u>	<u>15,901.61</u>
<b><u>Liabilities</u></b>			
<b><u>Non-Current Liabilities</u></b>			
Financial Liabilities			
a. Borrowings	'18'	890.50	1,456.62
b. Lease Liability	'18A'	115.46	128.50
Long-term Provisions	'19'	293.77	264.22
Deferred Tax Liabilities (Net)	'20'	1,177.22	1,339.54
		<u>2,476.95</u>	<u>3,188.88</u>
<b><u>Current Liabilities</u></b>			
Financial Liabilities			
a. Borrowings	'21'	3,866.71	4,010.93
b. Trade Payables	'22'		
a) total outstanding dues of micro and small enterprises		132.91	85.33
b) total outstanding dues of creditors other than micro and small enterprises		1,701.23	1,326.09
c. Other Financial Liabilities	'23'	963.42	894.20
d. Lease Liability	'24'	21.10	21.48
Other Current Liabilities	'25'	365.87	274.55
Short Term Provisions	'26'	1,161.68	1,127.16
Current Tax Liabilities (net)	'27'	61.40	5.00
		<u>8,274.32</u>	<u>7,744.74</u>
		<u>10,751.27</u>	<u>10,933.62</u>
		<u>30,448.87</u>	<u>26,835.23</u>

### Total Equity and Liabilities

Summary of significant accounting policies and other notes to financial statements

'1 to 50'

The accompanying notes are an integral part of the financial statements

As per our report of even date attached.

**PRADIP KUMAR DAGA** - DIN: 00040692

*Chairman and Managing Director*

For **JKVS & Co.**

Chartered Accountants

Firm Reg. No. 318086E

**YASHWANT KUMAR DAGA** - DIN: 00040632

*Vice Chairman and Sr. Joint Managing Director*

**SHANTANU DAGA** DIN: 08757724

**PRADEEP KUMAR DROLIA** DIN: 00291966

**ANAND PRASAD AGARWALLA** DIN: 00312652

**VIVEK CHIRANIYA** DIN: 00166690

**Sajal Goyal**

*Partner*

Membership No. 523903

Place : Kolkata

Date : 10th May, 2022

**PUNAM CHAND SHARMA**

*Chief Financial Officer*

**PUNEETA ARORA** - FCS:7466

*Company Secretary*

*Directors*

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

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

	Note	For the Year ended 31st March, 2022	For the Year ended 31st March, 2021
<b>I REVENUE</b>			
Revenue from Operations	'28'	52,831.10	39,657.30
Other Income	'29'	323.41	185.55
<b>Total Income</b>		<b>53,154.51</b>	<b>39,842.85</b>
<b>II EXPENSES</b>			
Cost of Materials Consumed	'30'	29,947.15	21,148.32
Changes in Inventories of Finished Goods, Work-in-Progress and Waste	'31'	(449.46)	1,453.10
Employee Benefits	'32'	6,338.11	5,311.53
Finance Costs	'33'	438.04	628.92
Depreciation and Amortization	'34'	1,568.00	1,604.74
Others	'35'	10,053.79	7,571.07
<b>Total Expenses</b>		<b>47,895.63</b>	<b>37,717.68</b>
<b>Profit before Exceptional item and Tax (I-II)</b>		<b>5,258.88</b>	<b>2,125.17</b>
Exceptional Item		-	-
<b>Profit before Tax</b>		<b>5,258.88</b>	<b>2,125.17</b>
<b>Tax Expense</b>			
Current Tax	'36'	(1,505.00)	(570.00)
Deferred Tax (Charge)/Credit	'20'	166.11	13.83
Income Tax related to earlier year		8.52	-
<b>Profit for the year (A)</b>		<b>3,928.51</b>	<b>1,569.00</b>
<b>Other Comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurement of defined benefit plans		15.06	(17.48)
Tax relating to remeasurement of defined benefit plans		(3.79)	4.40
<b>Total Other Comprehensive income for the year (B)</b>		<b>11.27</b>	<b>(13.08)</b>
<b>Total Comprehensive income for the year (A+B)</b>		<b>3,939.78</b>	<b>1,555.92</b>
Basic & Diluted Earnings Per Equity Share of Rs. 10 each	'37'	54.64	21.82
Summary of significant accounting policies and other notes to financial statements	'1 to 50'		

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

Date : 10th May, 2022

**PRADIP KUMAR DAGA** - DIN: 00040692

Chairman and Managing Director

**YASHWANT KUMAR DAGA** - DIN: 00040632

Vice Chairman and Sr. Joint Managing Director

**PUNAM CHAND SHARMA**

Chief Financial Officer

**PUNEETA ARORA** - FCS:7466

Company Secretary

**SHANTANU DAGA** DIN: 08757724

**PRADEEP KUMAR DROLIA** DIN: 00291966

**ANAND PRASAD AGARWALLA** DIN: 00312652

**VIVEK CHIRANIYA** DIN: 00166690

Directors

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2022

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

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
<b>A. Cash Flow from Operating Activities</b>		
Net Profit before tax	5,258.88	2,125.17
Adjustment for :		
Depreciation and Amortization	1,568.00	1,604.74
Net profit on Sale/Discard of Property, Plant and Equipment	(30.87)	(2.26)
Finance Costs	438.04	628.92
Provision for Expected Credit Loss Written Back	(6.28)	-
Interest Income	(121.44)	(100.03)
Dividend on Non-Current Investment	(0.28)	-
Provision for Expected Credit Losses	150.00	24.40
<b>Operating Profit Before Working Capital Changes</b>	<b>7,256.05</b>	<b>4,280.94</b>
Movements in working capital :-		
(Increase )/ Decrease in Inventories	(2,220.61)	1,610.08
(Increase)/ Decrease in Trade and other receivables	(315.87)	(136.73)
Increase/ (Decrease) in Trade and other payables	658.43	(1,267.26)
<b>Cash Generated From Operations</b>	<b>5,378.00</b>	<b>4,487.03</b>
Less : Income Tax Paid (net of refunds)	(1,495.39)	(610.40)
<b>Net Cash From Operating Activities</b>	<b>3,882.61</b>	<b>3,876.63</b>
<b>B. Cash Flow from Investment Activities</b>		
Movement in fixed deposits	(10.63)	(0.73)
Interest received	122.85	100.53
Purchases of Property, Plant and Equipments (including capital advance)	(2,807.71)	(309.14)
Proceeds from sales of Property, plant & Equipments	79.12	11.92
Purchase of Investment	(1.90)	-
Dividend on Non-Current Investment	0.28	-
<b>Net Cash Used In Investing Activities</b>	<b>(2,617.99)</b>	<b>(197.42)</b>
<b>C. Cash Flow from Financing Activities</b>		
Repayment of Long Term Borrowings	(934.68)	(1,608.97)
Proceeds of Long Term Borrowings	-	600.00
Net proceeds/(Repayment) of Short Term Borrowings	224.34	(1,980.16)
Dividend Paid	(143.79)	-
Payment of Lease liability	(13.42)	(32.29)
Finance Costs	(447.22)	(633.47)
<b>Net Cash Used in Financing Activities</b>	<b>(1,314.77)</b>	<b>(3,654.89)</b>
<b>Net Increase/( Decrease ) in Cash and Cash Equivalents</b>	<b>(50.15)</b>	<b>24.32</b>
Cash and Cash Equivalents at the beginning of the year	57.12	32.80
Cash and Cash Equivalents at the end of the year (Refer Note 11)	6.97	57.12
	<b>(50.15)</b>	<b>24.32</b>

### Notes :

- The company has prepared cash flow statement as per indirect method.
- 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  
 Date : 10th May, 2022

**PRADIP KUMAR DAGA** - DIN: 00040692  
 Chairman and Managing Director  
**YASHWANT KUMAR DAGA** - DIN: 00040632  
 Vice Chairman and Sr. Joint Managing Director  
**PUNAM CHAND SHARMA**  
 Chief Financial Officer  
**PUNEETA ARORA** - FCS:7466  
 Company Secretary

**SHANTANU DAGA** DIN: 08757724  
**PRADEEP KUMAR DROLIA** DIN: 00291966  
**ANAND PRASAD AGARWALLA** DIN: 00312652  
**VIVEK CHIRANIYA** DIN: 00166690

Directors

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

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

	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	Amount	No. of Shares	Amount
<b>(a) Equity share capital</b>				
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	-	-	-	-
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance at the beginning of 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		
<b>Balance as at 1st April, 2020</b>	<b>217.81</b>	<b>1.17</b>	<b>2,809.79</b>	<b>10,597.98</b>	-	<b>13,626.75</b>
Changes in equity share capital due to prior period errors	-	-	-	-	-	-
Restated balance as at 1st April, 2020	-	-	-	-	-	-
Profit for the year	-	-	-	1,569.00	-	1,569.00
<b>Other comprehensive income for the year (including Tax thereon)</b>						
- Remeasurement Gain / (Loss) on defined benefit plan	-	-	-	(13.08)	-	(13.08)
<b>Balance as at 31st March, 2021</b>	<b>217.81</b>	<b>1.17</b>	<b>2,809.79</b>	<b>12,153.90</b>	-	<b>15,182.67</b>
Changes in equity share capital due to prior period errors	-	-	-	-	-	-
Restated balance as at 1st April, 2021	-	-	-	-	-	-
Profit for the year	-	-	-	3,928.51	-	3,928.51
<b>Other comprehensive income for the year (including Tax thereon)</b>						
- Remeasurement Gain / (Loss) on defined benefit plan	-	-	-	11.27	-	11.27
Annual Dividend 2020-21				143.79	-	143.79
<b>Balance as at 31st March 2022</b>	<b>217.81</b>	<b>1.17</b>	<b>2,809.79</b>	<b>15,949.89</b>	-	<b>18,978.66</b>

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  
Date : 10th May, 2022

**PRADIP KUMAR DAGA** - DIN: 00040692  
Chairman and Managing Director  
**YASHWANT KUMAR DAGA** - DIN: 00040632  
Vice Chairman and Sr. Joint Managing Director  
**PUNAM CHAND SHARMA**  
Chief Financial Officer  
**PUNEETA ARORA** - FCS:7466  
Company Secretary

**SHANTANU DAGA** DIN: 08757724  
**PRADEEP KUMAR DROLIA** DIN: 00291966  
**ANAND PRASAD AGARWALLA** DIN: 00312652  
**VIVEK CHIRANIYA** DIN: 00166690  
Directors

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

### 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 10<sup>th</sup> May, 2022.

### 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.

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

### 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.

A 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

### 2.9 Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

### 2.10 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such assets 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

### 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:

- 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

- 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.

### 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, 2022

### 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, 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:

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

- 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.

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.

### b. Financial liabilities

#### Initial recognition and measurement

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

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

#### Subsequent measurement

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

##### Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the profit or loss.

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

##### De-recognition of financial liabilities

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

### 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.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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 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".

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

### 2.23 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less for the purposes of the Cash Flow Statement, cash and cash equivalents is as defined above, net of outstanding bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### 2.24 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

- i. **Ind AS 103 – Reference to Conceptual Framework** - The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.
- ii. **Ind AS 16 – Proceeds before intended use** -The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its financial statements.
- iii. **Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract** - The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.
- iv. **Ind AS 109 – Annual Improvements to Ind AS (2021)** - The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

(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	
<b>Cost</b>							
<b>As at 31st March, 2020</b>	<b>33.40</b>	<b>6,226.75</b>	<b>16,205.21</b>	<b>170.51</b>	<b>74.78</b>	<b>60.76</b>	<b>22,771.41</b>
Additions	-	35.20	72.47	-	3.85	3.46	<b>114.98</b>
Disposals	-	-	189.11	-	-	-	<b>189.11</b>
Adjustments	-	-	-	-	-	-	-
<b>As at 31st March, 2021</b>	<b>33.40</b>	<b>6,261.95</b>	<b>16,088.57</b>	<b>170.51</b>	<b>78.63</b>	<b>64.22</b>	<b>22,697.28</b>
Additions	-	28.09	1,288.58	53.55	2.25	4.34	<b>1,376.81</b>
Disposals	-	-	451.52	34.24	-	-	<b>485.76</b>
Adjustments	-	-	-	-	-	-	-
<b>As at 31st March, 2022</b>	<b>33.40</b>	<b>6,290.04</b>	<b>16,925.63</b>	<b>189.82</b>	<b>80.88</b>	<b>68.56</b>	<b>23,588.33</b>
<b>Depreciation</b>							
<b>As at 31st March, 2020</b>	-	<b>909.96</b>	<b>5,230.14</b>	<b>56.44</b>	<b>12.28</b>	<b>43.03</b>	<b>6,251.85</b>
For the year	-	237.90	1,298.27	17.85	8.02	3.70	<b>1,565.74</b>
Deletions	-	-	179.45	-	-	-	<b>179.45</b>
Adjustments	-	-	-	-	-	-	-
<b>As at 31st March, 2021</b>	-	<b>1,147.86</b>	<b>6,348.96</b>	<b>74.29</b>	<b>20.30</b>	<b>46.73</b>	<b>7,638.14</b>
For the year	-	233.51	1,261.86	17.79	<b>8.40</b>	4.20	<b>1,525.76</b>
Deletions	-	-	420.71	16.80	-	-	<b>437.51</b>
Adjustments	-	-	-	-	-	-	-
<b>As at 31st March, 2022</b>	-	<b>1,381.37</b>	<b>7,190.11</b>	<b>75.28</b>	<b>28.70</b>	<b>50.93</b>	<b>8,726.39</b>
<b>Net block</b>							
As at 31st March, 2021	33.40	5,114.09	9,739.61	96.22	58.33	17.49	15,059.14
<b>As at 31st March, 2022</b>	<b>33.40</b>	<b>4,908.67</b>	<b>9,735.52</b>	<b>114.54</b>	<b>52.18</b>	<b>17.63</b>	<b>14,861.94</b>

(a) Includes carrying value of land Rs. 2.42 and (Previous year Rs. 2.42) held by the company since 21st February, 1994 for which registration is pending and title deed held in the name of others (other than promoter, director or relative of promoter/director or employee of promoter/director).

(b) Property, Plant & Equipment given as security for borrowings refer note 18 & 21

### '3A' 1. Age wise detail of Capital Work in progress

Particulars	As At March 31, 2022	As At March 31, 2021
Projects in progress		
< 1 Year	73.92	316.48
1-2 Years		-
2-3 Years		-
>3 Years		-

### '3A' 2. Above project is not overdue and not exceeds its cost of original plan as at the reporting date

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### '4' Intangible Assets

Particulars	Software IT ERP	Total
<b>Cost</b>		
<b>As at 31st March, 2020</b>	162.25	162.25
Additions	-	-
Disposals	-	-
Adjustments	-	-
<b>As at 31st March, 2021</b>	162.25	162.25
Additions	-	-
Disposals	-	-
Adjustments	-	-
<b>As at 31st March, 2022</b>	<b>162.25</b>	<b>162.25</b>
<b>Amortisation</b>		
<b>As at 31st March, 2020</b>	107.44	107.44
For the year	18.95	18.95
Deletions	-	-
Adjustments	-	-
<b>As at 31st March, 2021</b>	126.39	126.39
For the year	21.40	21.40
Deletions	-	-
Adjustments	-	-
<b>As at 31st March, 2022</b>	<b>147.79</b>	<b>147.79</b>
<b>Net block</b>		
<b>As at 31st March, 2021</b>	35.86	35.86
<b>As at 31st March, 2022</b>	<b>14.46</b>	<b>14.46</b>

### '5' Right of use assets (Refer Note 37)

	Leasehold Land	Leased Property	Total
<b>Cost</b>			
<b>As at 31st March, 2020</b>	<b>62.74</b>	<b>177.01</b>	<b>239.75</b>
Additions as per IND AS 116 (Lease)	-	-	-
Disposals	-	-	-
Adjustments	-	(6.65)	(6.65)
<b>As at 31st March, 2021</b>	<b>62.74</b>	<b>170.36</b>	<b>233.10</b>
Disposals	-	-	-
Adjustments	-	-	-
<b>As at 31st March, 2022</b>	<b>62.74</b>	<b>170.36</b>	<b>233.10</b>
<b>Amortisation</b>			
<b>As at 31st March, 2020</b>	3.88	20.66	24.54
For the year	0.97	19.07	20.04
Deletions	-	-	-
<b>As at 31st March, 2021</b>	4.85	39.73	44.58
For the year	0.98	19.84	20.82
Deletions	-	-	-
<b>As at 31st March, 2022</b>	<b>5.83</b>	<b>59.57</b>	<b>65.40</b>
<b>Net block</b>			
<b>As at 31st March, 2021</b>	57.89	130.63	188.52
<b>As at 31st March, 2022</b>	<b>56.91</b>	<b>110.79</b>	<b>167.70</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

	As at 31st March, 2022	As at 31st March, 2021
<b>'6' Non-Current Investment</b>		
<b>Other than Trade</b>		
<b>Investment in Fully Paid Equity Instruments (Unquoted)</b>	1.90	-
Shivalik Solid Waste Management Limited		
19,000 (Previous Year 'Nil') Equity Share of Rs. 10 each		
	<u>1.90</u>	<u>-</u>
<b>'7' Other Non-Current Financial Assets</b>		
<b>(Unsecured, Considered Good)</b>		
Security Deposits	329.56	257.73
Export Benefits/Claims Receivables #	11.26	11.26
	<u>340.82</u>	<u>268.99</u>
# Claim lying with department but hold against Service Tax dispute		
<b>'8' Other Non Current Assets</b>		
Capital Advances	1,688.05	14.61
Prepaid Expenses	16.41	-
	<u>1,704.46</u>	<u>14.61</u>
<b>'9' Inventories</b>		
(Valued at lower of cost or net realisable value except waste at net realisable value)		
Raw Materials	3,504.74	1,859.14
Work-in-Progress	963.31	421.14
Finished Goods	3,058.62	3,152.27
Stores and Spares	585.39	459.84
Waste	5.47	4.53
	<u>8,117.53</u>	<u>5,896.92</u>
<b>Goods in transit included in above inventories are as under :</b>		
Raw materials	230.84	53.09
Stores and Spares	83.84	52.37
7a' Write downs of inventories (net of reversal) to net realizable value related to finished goods amounted to Rs 18.39 Lakhs (Previous year Rs 19.25). 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. 18 & 21.		
<b>'10' Trade Receivables</b>		
<b>Unsecured</b>		
Considered Good	3,314.36	3,399.26
Credit Impaired	461.43	317.72
	<u>3,775.79</u>	<u>3,716.98</u>
Less: Allowances for credit losses	461.43	317.72
	<u>3,314.36</u>	<u>3,399.26</u>
10a' 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.		
10b' Trade Receivables are hypothecated to secure borrowings. Refer to Note No. 18 & 21.		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### '10c' Trade Receivables ageing schedule:

	Outstanding for following periods from due date of payment						
As at March 31, 2022	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Undisputed</b>							
Considered good	2,176.70	907.05	25.92	204.69	-	-	3,314.36
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	150.00	14.24	26.03	190.27
<b>Disputed</b>							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	29.60	241.56	271.16
<b>Trade Receivables ageing schedule:</b>	<b>Outstanding for following periods from due date of payment</b>						
As at March 31, 2021	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>Undisputed</b>							
Considered good	1,604.75	1,667.50	122.33	4.68	-	-	3,399.26
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	46.43	120.09	151.20	317.72
<b>Disputed</b>							
Considered good	-	-	-	-	-	-	-
Which have significant increase in credit risk	-	-	-	-	-	-	-
Credit impaired	-	-	-	-	-	-	-

### '11' Cash and Cash Equivalents

	As at 31st March, 2022	As at 31st March, 2021
Balance with Banks :		
- In Current Accounts	1.00	48.63
Cash on hand	5.97	8.49
	<u>6.97</u>	<u>57.12</u>

### '12' Other Bank Balances

#### Earmarked balances with banks

Unpaid Dividend Account	34.74	25.39
Fixed Deposit Account (maturity within one year)*	24.40	13.77
Fixed Deposit Account (Pledged with Sales Tax Department)	1.93	1.93
	<u>61.07</u>	<u>41.09</u>

(\*Pledged as Margin with Bank)

### '13' Other Current Financial Assets

(Unsecured, Considered Good)

Subsidy Receivable	183.35	278.91
Interest Accrued	4.44	5.85
	<u>187.79</u>	<u>284.76</u>

### '14' Current Tax Assets (Net)

Advance Current Tax (Net of Provision)	361.16	302.06
	<u>361.16</u>	<u>302.06</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### '15' Other Current Assets

	As at 31st March, 2022	As at 31st March, 2021
Payment under Protest against disputed statutory demands	446.82	350.00
Indirect taxes recoverable	455.47	416.38
Export Benefit Receivable	142.59	46.76
Advances Recoverable in Cash or in Kind	136.50	105.67
Prepaid Expenses	53.41	51.61
	<b>1,234.79</b>	<b>970.42</b>

### '16' Share Capital:

#### Authorised:

80,00,000 (Previous year 80,00,000) Equity Shares of Rs.10/- each.	800.00	800.00
60,00,000 (Previous year 60,00,000) Unclassified Shares of Rs.10/- each.	600.00	600.00
	<b>1,400.00</b>	<b>1,400.00</b>

#### Issued:

72,12,868 (Previous year 72,12,868) Equity Shares of Rs.10/- each	721.29	721.29
	<b>721.29</b>	<b>721.29</b>

#### Subscribed and Fully Paid-up Shares

71,89,368 (Previous year 71,89,368) Equity Shares of Rs.10/- each fully paid-up	718.94	718.94
	<b>718.94</b>	<b>718.94</b>

#### 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 :

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	<b>7189368</b>	<b>7189368</b>

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

Name of shareholder	As at 31st March, 2022		As at 31st March, 2021	
	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	3,96,381	5.51
Smt. Asha Devi Daga	3,86,428	5.38	3,86,428	5.38

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### d. Details of Shareholding of Promoters :

Shares held by promoters at the end of the year	As at March 31, 2022			As at March 31, 2021		
	Number of shares	% of shares	% increase / (decrease) during the year	Number of shares	% of shares	% increase / (decrease) during the year
Sh. Pradeep Kumar Daga	4,04,174	5.62	No Change	4,04,174	5.62	No Change
Sh. Yashwant Kumar Daga	3,96,381	5.51	No Change	3,96,381	5.51	No Change
Smt.Asha Devi Daga	3,86,428	5.38	No Change	3,86,428	5.38	No Change
Pradeep Kumar Daga (HUF)	1,50,934	2.10	No Change	1,50,934	2.10	No Change
Pradeep Kumar Daga as partner in Banshi Dhar Daga & Co.	1,03,805	1.44	No Change	1,03,805	1.44	No Change
Smt. Nandini Daga	91,047	1.26	No Change	91,047	1.26	No Change
Sh. Shantanu Daga	29,615	0.41	No Change	29,615	0.41	No Change
M/s. Manglam Engineering Pvt. Ltd.	8,69,429	12.09	No Change	8,69,429	12.09	No Change
M/s. Contranys Pvt. Ltd	4,02,100	5.59	No Change	4,02,100	5.59	No Change
M/s. Jalpaiguri Holding Pvt. Ltd.	4,00,070	5.56	No Change	4,00,070	5.56	No Change
M/s.Coplama Products Pvt. Ltd.	49,500	0.69	No Change	49,500	0.69	No Change

### '17' Other Equity

	As at 31st March, 2022	As at 31st March, 2021
<b>(i) Securities Premium</b>		
Balance as per last financial statements	217.81	217.81
<b>(ii) General Reserve</b>		
Balance as per last financial statements	2,809.79	2,809.79
<b>(iii) Capital Reserve</b>		
Balance at the beginning of the year	1.17	1.17
<b>(iv) Retained earnings</b>		
Balance at the beginning of the year	12,153.90	10,597.98
Add : Other Comprehensive income (including tax thereon)		
Remeasurement of Defined Benefit Plan	11.27	(13.08)
Profit for the year	3,928.51	1,569.00
<b>Total</b>	<b>16,093.68</b>	<b>12,153.90</b>
Less: Annual Dividend (2020-21)	143.79	-
<b>Total</b>	<b>15,949.89</b>	<b>12,153.90</b>
<b>Total (i to iv)</b>	<b>18,978.66</b>	<b>15,182.67</b>

### Nature and purpose of other reserves/ other equity

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

**General Reserve** represents appropriation of 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** represents forfeited amount of Equity Share Capital and can be utilised in accordance with the provision of the Companies Act 2013.

**Retained Earnings** represents profits earned by the Company after transfer to general reserve and payment of dividend to shareholders.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### '18' Borrowings

	As at 31st March, 2022	As at 31st March, 2021
(i) Secured		
(a) Term Loans from a Bank	1,442.84	2,370.04
(b) Vehicle Loans	11.16	18.64
(a) From a Bank	1,454.00	2,388.68
(ii) Current Maturity of Borrowings disclosed under the head "Short term Borrowings" (Refer Note No. 21)	(563.50)	(932.06)
<b>(Total i-ii)</b>	<b>890.50</b>	<b>1,456.62</b>

### a. Securities

- (a) 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 Vice Chairman and Senior Joint Managing Director (Previous year: further secured by personal guarantee of the Chairman and Managing Director and a Director).

- (b) Secured by hypothecation of vehicles financed.

### c. Terms of Repayments of Non-Current Portion:

Rate of Interest	Repayment Periodicity	Installments Outstanding		As at	As at
		As at 31st March, 2022	As at 31st March, 2021	31st March, 2022	31st March, 2021
7.95% (previous year 7.95%) linked with MCLR	Quarterly Equal	7	11	885.51	1,413.04
7.25% (previous year 7.25%)	Monthly Equal	0	1	-	33.00
8.90% to 9.10 % (Previous year 8.90% to 9.10%)	Monthly Graded	9	21	4.99	10.58
				<b>890.50</b>	<b>1,456.62</b>

### '18A' Lease Liability

	As at 31st March, 2022	As at 31st March, 2021
Finance lease obligations	136.56	149.98
	<b>136.56</b>	<b>149.98</b>
Current Maturity of Lease (Refer Note No. 22)	(21.10)	(21.48)
	<b>115.46</b>	<b>128.50</b>

### '19' Long Term Provisions

Provision for Employee Benefits	293.77	264.22
	<b>293.77</b>	<b>264.22</b>

### '20' Deferred Tax Liabilities (Net)

#### Deferred Tax Assets

Provision for Employees Benefit	98.73	88.13
Other Timing Differences	459.30	417.94
	<b>558.03</b>	<b>506.07</b>

#### Deferred Tax Liability on account of :

Deferred Tax Liabilities on account of :

Depreciation & Amortisation	1,735.25	1,845.61
	<b>1,735.25</b>	<b>1,845.61</b>
	<b>1,177.22</b>	<b>1,339.54</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### A. Movement in deferred Tax balances

	As at 31st March, 2021	Recognized in Profit & Loss *	Recognized in OCI	As at 31st March, 2022
<b>Deferred Tax Assets</b>				
Provision for Employees Benefit	88.13	14.39	(3.79)	98.73
Other Timing Differences	417.94	41.36	-	459.30
<b>Sub- Total (a)</b>	<b>506.07</b>	<b>55.75</b>	<b>(3.79)</b>	<b>558.03</b>
<b>Deferred Tax Liabilities</b>				
Impact of difference in depreciation/amortization on Property, plant and equipment and Right of Use in tax accounts and depreciation/amortization for financial reporting	1,845.61	(110.36)		1,735.25
<b>Sub- Total (b)</b>	<b>1,845.61</b>	<b>(110.36)</b>	<b>-</b>	<b>1,735.25</b>
<b>Net Deferred Tax Liability (b)-(a)</b>	<b>1,339.54</b>	<b>(166.11)</b>	<b>3.79</b>	<b>1,177.22</b>
	As at 31st March, 2020	Recognized in Profit & Loss *	Recognized in OCI	As at 31st March, 2021
<b>Deferred Tax Assets</b>				
Provision for Employees Benefit	71.08	12.65	4.40	88.13
Other Timing Differences	538.88	(120.94)		417.94
<b>Sub- Total (a)</b>	<b>609.96</b>	<b>(108.29)</b>	<b>4.40</b>	<b>506.07</b>
<b>Deferred Tax Liabilities</b>				
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
<b>Sub- Total (b)</b>	<b>1,967.73</b>	<b>(122.12)</b>	<b>-</b>	<b>1,845.61</b>
<b>Net Deferred Tax Liability (b)-(a)</b>	<b>1,357.77</b>	<b>(13.83)</b>	<b>-4.40</b>	<b>1,339.54</b>

### B. Amounts recognised in Other Comprehensive Income

	For the year ended 31st March, 2022			For the year ended 31st March, 2021		
	Before Tax	Tax (Expense)/ Income	Net of Tax	Before Tax	Tax (Expense)/ Income	Net of Tax
Remeasurements of defined benefit liability	15.06	(3.79)	11.27	(17.48)	4.40	(13.08)
	<b>15.06</b>	<b>(3.79)</b>	<b>11.27</b>	<b>(17.48)</b>	<b>4.40</b>	<b>(13.08)</b>

### C. Reconciliation of Income Tax Expense

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Profit before tax from continuing operations	5,258.88	2,125.17
Tax using the Company's domestic tax rate @ 25.168%	1,323.55	534.86
Tax effect of:		
MAT credit entitlement related to earlier years utilised	-	-
Non-deductible expenses	14.80	13.14
Others	(0.54)	8.17
<b>Income tax expenses reported in the statement of profit and loss</b>	<b>1,338.89</b>	<b>556.17</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### '21' Short-term Borrowings

	As at 31st March, 2022	As at 31st March, 2021
(i) Secured		
Loan repayable on demand		
- From a Bank	3,303.21	3,078.87
Current maturities of long-term debts	563.50	932.06
	<u>3,866.71</u>	<u>4,010.93</u>

#### 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. These Loans are further secured by personal guarantee of the Vice Chairman and Senior Joint Managing Director (Previous year: further secured by personal guarantee of the Chairman and Managing Director and a Director).

summary of reconciliation and reasons of material discrepancies between quarterly returns or statements of stock & debtors filed by the Company with bank during 2021-22, wherever applicable;

Quarter	Name of Bank	Particular of security Provided	Amount as per Books of Accounts	Amount as reported in quarterly statement/ return	Amount of difference	Reason for Material Difference
June'21	State Bank of India	Stock & Debtors	11,158.19	11,326.87	(168.68)	Difference in value due to change arised on completion of limited review.
September'21	State Bank of India	Stock & Debtors	11,296.10	11,382.41	(86.31)	
December'21	State Bank of India	Stock & Debtors	8,120.00	8,250.91	(130.91)	

### '22' Trade Payables

For Goods and Services

a) total outstanding dues of micro and small enterprises	132.91	85.33
b) total outstanding dues of creditors other than micro and small enterprises	1,701.23	1,326.09
	<u>1,834.14</u>	<u>1,411.42</u>

'22.1' 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	132.91	85.33
(ii) Interest due on princple 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, 2022

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

### '22.2' Trade payables ageing schedule

As at March 31, 2022	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	Total
i) MSME	132.91	0	-	-	-	132.91
ii) Others	1,088.70	590.45	0.19	-	21.89	1,701.23
iii) Disputed Dues-MSME	-	-	-	-	-	-
iv) Disputed Dues-Others	-	-	-	-	-	-
<b>Total</b>	<b>1,221.61</b>	<b>590.45</b>	<b>0.19</b>	<b>-</b>	<b>21.89</b>	<b>1,834.14</b>

As at March 31, 2021	Outstanding for following periods from due date of payment					
	Not Due	Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	Total
i) MSME	79.72	6.60	-	-	-	86.32
ii) Others	527.10	736.94	16.18	18.07	26.81	1,325.10
iii) Disputed Dues-MSME	-	-	-	-	-	-
iv) Disputed Dues-Others	-	-	-	-	-	-
<b>Total</b>	<b>606.82</b>	<b>743.54</b>	<b>16.18</b>	<b>18.07</b>	<b>26.81</b>	<b>1,411.42</b>

### '23' Other Financial Liabilities

	As at 31st March, 2022	As at 31st March, 2021
Unpaid Dividends	34.74	25.39
Interest Accrued and Due	9.90	19.08
Security Deposits	25.65	10.21
Statutory Dues	128.31	125.27
Directors' Commission	9.00	9.25
Employees liabilities	755.82	705.00
	<b>963.42</b>	<b>894.20</b>

### '24' Lease Liability

Lease Obligations	21.10	21.48
	<b>21.10</b>	<b>21.48</b>

### '25' Other Current Liabilities

Customers' Credit Balances and Advances against orders	365.87	248.49
Provision for CSR Liability	-	26.06
	<b>365.87</b>	<b>274.55</b>

### '26' Short Term Provisions

Provision for Statutory Disputed Matters (Refer Note 26.1)	1,063.15	1,041.19
Provision for Employee Benefits	98.53	85.97
	<b>1,161.68</b>	<b>1,127.16</b>

### 26.1' Movement of Provision for Statutory Disputed Matters

Opening Balance	1,041.19	1,510.27
Addition during the year	21.96	92.85
Paid during the year	-	561.93
Closing balance	<b>1,063.15</b>	<b>1,041.19</b>

### '27' Current Tax Liabilities (Net)

Current Tax Payable (Net of Advances)	61.40	5.00
	<b>61.40</b>	<b>5.00</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
<b>'28' Revenue from Operations:</b>		
<b>Sale of Manufactured goods:</b>		
Man Made Synthetic Yarn *	52,545.80	39,471.17
Sale of Electricity	26.82	57.32
Other Operating Revenue (including export incentives)	258.48	128.81
<b>Revenue from Operations (Net)</b>	<b>52,831.10</b>	<b>39,657.30</b>
* Sales includes Export Sales of Rs. 5984.34 (Previous year Rs 2945.12)		
<b>(A) Reconciliation of contract price vis a vis revenue recognised in the statement of profit and loss is as follows:</b>		
<b>Particulars</b>		
<b>Contract Price</b>		
(i) Sales of Man Made Synthetic Yarn	52,860.50	39,668.96
(ii) Sales of Electricity	26.82	57.32
(iii) other operating revenue	258.48	128.81
<b>Adjustments:</b>		
Discount/rebate/ incentives	314.70	197.79
<b>Revenue recognised in statement of profit and loss</b>	<b>52,831.10</b>	<b>39,657.30</b>
<b>(B) Classification of revenue on basis of timing of revenue recognition</b>		
<b>Particulars</b>		
(i) At point of time	52,831.10	39,657.30
(ii) Over the time	-	-
<b>(C) For Contract assets and balances refer note No. 8)</b>		
<b>Particulars</b>		
(i) Trade receivables	3,775.79	3,716.98
Less: provision for loss allowances	461.43	317.72
	<b>3,314.36</b>	<b>3,399.26</b>
<b>(D) For Contract Liability against which sales will be made</b>		
<b>Particulars</b>		
(i) Advance from and credit balance of customers	365.87	248.49
<b>(E) Revenue from Contracts with Customers disaggregated based on geography</b>		
<b>Particulars</b>		
In India	46,846.76	36,712.18
Outside India	5,984.34	2,945.12
	<b>52,831.10</b>	<b>39,657.30</b>
<b>'29' Other Income:</b>		
Interest Income	121.44	100.03
Net profit on Sale/Discard of Property, Plant and Equipment	30.87	2.26
Scrap Sales	75.12	55.01
Dividend on Non-Current Investment	0.29	-
Miscellaneous Income	25.45	4.23
Net gain on Foreign Currency Transactions and Translation	53.84	18.80
Provision for Expected Credit Loss Written Back	6.28	3.00
Sundry Credit Balances Written Back	10.12	2.22
	<b>323.41</b>	<b>185.55</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
<b>'30' Cost of Materials Consumed:</b>		
Man Made Fibres	28,820.36	20,327.77
Dyes & Chemicals	1,126.79	820.55
	<b>29,947.15</b>	<b>21,148.32</b>
<b>'31' Changes in Inventories of Finished Goods, Work-in-Progress and Waste</b>		
<b>Inventories as at 31st March, 2022</b>		
Work-in-Progress	963.31	421.14
Finished Goods	3,058.62	3,152.27
Waste	5.47	4.53
<b>Total (A)</b>	<b>4,027.40</b>	<b>3,577.94</b>
<b>Inventories as at 31st March, 2021</b>		
Work-in-Progress	421.14	525.08
Finished Goods	3,152.27	4,501.11
Waste	4.53	4.85
<b>Total (B)</b>	<b>3,577.94</b>	<b>5,031.04</b>
<b>Total (B-A)</b>	<b>(449.46)</b>	<b>1,453.10</b>
<b>'32' Employee Benefit Expense</b>		
Salaries, Wages and Bonus	5,615.58	4,734.96
Gratuity	127.64	131.48
Contribution to Provident and Other Funds	445.20	309.21
Staff Welfare	149.69	135.88
	<b>6,338.11</b>	<b>5,311.53</b>
<b>'33' Finance Costs</b>		
Interest*	412.17	608.66
Interest on Lease Obligations	13.98	15.11
Other Borrowing Costs	11.89	18.80
	<b>438.04</b>	<b>642.57</b>
Less: Amount transferred to capital work-in-progress/capitalised	-	13.65
	<b>438.04</b>	<b>628.92</b>
<b>'34' Depreciation and Amortization Expense</b>		
On Tangible Assets	1,525.78	1,565.75
On Intangible Assets	21.40	18.95
On Right of Use Assets	20.82	20.04
	<b>1,568.00</b>	<b>1,604.74</b>

\*Net of Interest subsidies received Rs. 12.89 (Previous Year Rs. 39.33) under TUF (Technology Upgradation Fund) scheme and includes Rs.12.20 (Previous Year Rs. Nil ) to Income Tax department.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

	For the year ended 31st March, 2022	For the year ended 31st March, 2021
<b>'35' Other Expenses</b>		
Consumption of Stores & Spares	1,938.62	1,409.46
Consumption of Packing Materials	890.50	641.34
Job Charges	225.64	179.39
Power & Fuel	4,405.55	3,543.18
Rent	50.65	39.19
Insurance	61.06	61.09
Rates & Taxes	11.74	10.28
<b>Repair and Maintenance</b>		
Buildings	20.58	1.92
Machinery	103.67	99.94
Freight & Forwarding	1,624.75	1,029.11
<b>Auditor's Remuneration</b>		
As Auditor	9.98	9.08
For Limited Review	2.72	2.48
For Certification and Other Matters	0.61	0.70
Reimbursement of Expenses	0.23	0.28
Cost Audit Fee	0.65	0.65
Commission to Directors	10.00	10.00
Bad debts	-	27.40
Provision for Expected Credit Losses	150.00	27.12
Advances written off	0.08	2.16
CSR Expenses	39.70	34.20
Donation	20.00	18.00
Miscellaneous	487.06	424.10
	<b>10,053.79</b>	<b>7,571.07</b>
<b>'36' Current Tax</b>		
Current Tax for the year	1,505.00	570.00
<b>Total Current Tax</b>	<b>1,505.00</b>	<b>570.00</b>
<b>'37' Earnings per share</b>		
Total profit for the year	3,928.51	1,569.00
Weighted average number of equity shares of Rs. 10/- each	71,89,368	71,89,368
EPS - Basic and Diluted ( per share in Rs.)	54.64	21.82
<b>'38' Contingent liabilities, contingent assets and commitments</b>		
<b>A. Contingent liabilities (not provided for) in respect of:</b>		
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 Rs. 25.06, Previous year Rs. 25.06)	105.40	105.40
3. Legal Cases (Employees) , being contested by the Company	9.14	8.47
4. Demand for Cess on own generation of electricity, being contested by the Company	44.89	45.89

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

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

5. 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

	As at 31st March, 2022	As at 31st March, 2021
1. Estimated amount of Contracts remaining to be executed on Capital Account [Net of Advances] not provided for	7,064.75	79.50
2. 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.		

### 39 Leases

#### As a Lessee

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
<b>Total</b>	<b>239.75</b>

(A) There are no variable lease payments for the year ended March 31, 2022. (Previous year Nil)

(B) Total cash outflow on leases for the year ended March 31, 2022 was ₹ 27.41 lakhs. (Previous year ₹ 25.80 Lakhs)

(C) Lease Liabilities

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Non- Current	Current	Non- Current	Current
Lease liabilities against ROU assets	115.46	21.10	128.5	21.48

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

Particulars	As at 31st March, 2022	As at 31st March, 2021
0-1 year	29.67	27.41
1-3 years	61.19	59.34
3-5 Years	68.24	65.64
More Than 5 Years	19.90	54.02
<b>Total</b>	<b>179.00</b>	<b>206.41</b>

(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. 50.65 Lakhs for the year ended March 31, 2022 (Previous year ₹ 39.19 Lakhs).

### 40 Foreign exchange exposures outstanding at the year-end:

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

i. Receivable	-	40.74
ii. Payable	351.58	238.72

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### 41 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 Rs. 445.20 (Previous year Rs. 309.21).

#### (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, 2022. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	31st March, 2022	31st March, 2021
Net defined benefit liability / (asset)	162.08	121.55
<b>Liability for Gratuity</b>		
Non-current	124.28	95.42
Current	37.80	26.13

#### 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, 2022			31st March, 2021		
	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 1st April	961.62	840.07	121.55	832.35	769.34	63.01
<b>Included in profit or loss</b>						
Service costs	147.33	-	147.33	136.77	-	136.77
Interest cost / (income)	65.29	(57.04)	8.25	56.60	(52.31)	4.29
	212.62	(57.04)	155.58	193.37	(52.31)	141.06
<b>Included in OCI</b>						
Premeasurements loss / (gain)						
Actuarial loss / (gain) arising from:						
- financial assumptions	(36.82)	-	(36.82)	79.91	-	79.91
- experience adjustment	9.82	-	9.82	(67.20)	-	(67.20)
- on plan assets		11.95	11.95		4.77	4.77
	(27.00)	11.95	(15.05)	12.71	4.77	17.48

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

	31st March, 2022			31st March, 2021		
	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
<b>Other</b>						
Contributions paid by the employer		100.00	(100.00)		100.00	(100.00)
Benefits paid	(103.16)	(103.16)	-	(76.81)	(76.81)	-
	(103.16)	(3.16)	(100.00)	(76.81)	23.19	(100.00)
Balance as at 31st March	1,044.08	882.00	162.08	961.62	840.07	121.55

	31st March, 2022	31st March, 2021
<b>C. Plan assets</b>		
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	7.18%	6.79%
Expected rate of future salary increase	6.00%	6.00%
Mortality	100% of IALM (2012-14)	

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

### E. Sensitivity analysis

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

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)	(45.30)	49.80	(42.44)	46.71
Expected rate of future salary increase (0.50% movement)	49.68	(45.57)	46.36	(42.49)

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 -

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### 42 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 up to 22nd December, 2021 and thereafter Vice Chairman and Senior Joint Managing Director (Son of Shri P.K Daga)
Smt. Asha Devi Daga	Director (KMP under Ind-AS) (Wife of Shri. P.K Daga) (with effect from 04th February 2022).
Sh. Shantanu Daga	Senior Management Executive up to 8th November 2020 and Joint Managing Director from 9th November 2020 up to 20th April 2022 and thereafter a Director
Sh. Pradeep Kumar Drolia	Independent Director (KMP under Ind-AS)
Mrs. Nilu Agrawal	Independent Director (KMP under Ind-AS)
Sh. Anand Prasad Agarwalla	Independent Director (KMP under Ind-AS) (with effect from 10th November 2020)
Sh. Vivek Chiraniya	Independent Director (KMP under Ind-AS) (with effect from 17th February 2022)
Sh. Binod Kumar Agarwal	Independent Director (KMP under Ind-As)(Ceased to be director w.e.f. from 28th September 2020)
Smt. Jyotsna Mittal	Independent Director (KMP under Ind-As) (during the period from 4th February, 2022 to 16th February, 2022)
Sh. S. B Sharda	Chief Financial Officer up to 13th October 2020 (also Whole Time Director during the period 1st October, 2020 to 13th October, 2020)
Sh. Punam Chand Sharma	Chief Financial Officer (KMP under Companies Act, 2013) (with effect from 9th November 2020)
Smt. Puneeta Arora	Company Secretary (KMP under Companies Act, 2013)

##### 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 Limited  
 Contransys Private Limited  
 Coplama Products Private Limited  
 Bansidhar Daga Foundation  
 Daga Seva Nidhi

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

##### a) Payments to Key Managerial Personnel and their relatives

Name	Nature	Category	For the year ended	
			31st March, 2022	31st March, 2021
Sh. Pradip Kumar Daga	- Remuneration #	Short Term	107.52	93.02
		Employee Benefits		
Sh. Yashwant Kumar Daga	- Sitting Fees	Other Transactions	1.13	1.80
	- Commission	Other Transactions	1.83	2.50

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

			For the year ended	
			31st March, 2022	31st March, 2021
Smt. Asha Devi Daga	- Sitting Fees	Other Transactions	0.45	-
	- Commission	Other Transactions	0.38	-
Sh. Shantanu Daga	- Remuneration	Short Term	83.25	59.74
	#	Employee Benefits		
Sh. Pradeep Kumar Drolia	- Sitting Fees	Other Transactions	2.40	1.85
	- Commission	Other Transactions	2.50	2.50
Mrs. Nilu Agrawal	- Sitting Fees	Other Transactions	1.65	1.48
	- Commission	Other Transactions	2.50	2.50
Sh. Anand Prasad Agarwalla	- Sitting Fees	Other Transactions	1.65	0.35
	- Commission	Other Transactions	2.50	1.25
Sh. Vivek Chiraniya	- Sitting Fees	Other Transactions	0.30	-
	- Commission	Other Transactions	0.29	-
Sh. Binod Kumar Agrawal	- Sitting Fees	Other Transactions	-	0.90
	- Commission	Other Transactions	-	1.25
Sh. S.B Sharda	- Remuneration	Short Term	-	67.62
	*	Employee Benefits		
Sh. Punam Chand Sharma	- Remuneration	Short Term	18.99	6.77
	#	Employee Benefits		
Smt. Puneeta Arora	- Remuneration	Short Term	12.31	10.42
	#	Employee Benefits		

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

\* Above remuneration is inclusive of Gratuity & Leave Encashment.

Apart from above Shri. Pradip Kumar Daga, Chairman and Managing Director has given 'personal guarantee to a bank for securing various borrowings by the Company up to the period 30th December, 2021 and Shri Yashwant Kumar Daga has also given 'personal guarantee to a bank for securing various borrowings and remains outstanding as at the year end.

**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	98.88	172.47
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**- Contransys Pvt. Ltd.**

Lease rent received for premises leased out	3.19	3.05
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**- Coplama Products Pvt. Ltd.**

Lease rent payment	0.06	0.24
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**- Bansidhar Daga foundation**

Donation	10.00	10.00
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**- Daga Seva Nidhi**

Donation	10.00	8.00
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

Closing Balance	As at	
	31st March, 2022	31st March, 2021
<b>Payable</b>		
- M/s. Deepak Industries Limited	13.56	14.62
- Sh. Yashwant Kumar Daga	1.65	2.25
- Smt Asha Devi Daga	0.34	-
- Sh. Binod Kumar Agarwal	-	1.13
- Sh. Pradeep Kumar Drolia	2.25	2.25
- Mrs. Nilu Agrawal	2.25	2.25
- Sh. Anand Prasad Agarwalla	2.25	1.12
-Sh. Vivek Chiraniya	0.26	-
-Sh. Punam Chand Sharma	1.06	-
-Smt. Puneeta Arora	0.71	0.50

### 43 Financial instruments

#### I. Fair value measurements

##### A. Financial instruments by category

	As at 31st March, 2022		As at 31st March, 2021	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
<b>Financial assets</b>				
Trade receivables	-	3,314.36	-	3,399.26
Cash and cash equivalents	-	6.97	-	57.12
Bank balances other than above	-	61.07	-	41.09
Investment	-	1.90	-	-
Others	-	-	-	-
Non Current	-	340.82	-	268.99
Current	-	187.79	-	284.76
	-	<b>3,912.91</b>	-	<b>4,051.22</b>
<b>Financial liabilities</b>				
Long Term Borrowings	-	890.50	-	1,456.62
Short terms borrowings	-	3,866.71	-	4,010.93
Trade payables	-	1,834.14	-	1,411.42
Lease Liability	-	136.56	-	149.98
Other current financial liabilities	-	963.42	-	894.20
	-	<b>7,691.33</b>	-	<b>7,923.15</b>

##### 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, 2022

(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, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets	-	-	-	-
Financial liabilities	-	-	-	-
	-	-	-	-

	As at 31st March, 2021			
	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, 2022		As at 31st March, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Trade receivables	3,314.36	3,314.36	3,399.26	3,399.26
Cash and cash equivalents	6.97	6.97	57.12	57.12
Bank balances other than above	61.07	61.07	41.09	41.09
Investment	1.90	1.90	-	-
Others	-	-	-	-
Non Current	340.82	340.82	268.99	268.99
Current	187.79	187.79	284.76	284.76
	<b>3,912.91</b>	<b>3,912.91</b>	<b>4,051.22</b>	<b>4,051.22</b>
<b>Financial liabilities</b>				
Long Term Borrowings	890.50	890.50	1,456.62	1,456.62
Short terms borrowings	3,866.71	3,866.71	4,010.93	4,010.93
Trade payables	1,834.14	1,834.14	1,411.42	1,411.42
Lease Liability	136.56	136.56	149.98	149.98
Other current financial liabilities	963.42	963.42	894.20	894.20
	<b>7,691.33</b>	<b>7,691.33</b>	<b>7,923.15</b>	<b>7,923.15</b>

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, 2022

(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 property 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 monitor credit risk very closely both in domestic and export market. The Management impact analysis shows credit risk and impact assessment as low.

#### Trade and other receivables

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

The Company management has established a credit policy under which each new customer is analyzed individually for creditworthiness 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.

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

The carrying amount net of credit loss allowances of trade receivables is Rs. 3314.36 (31st March, 2021 – Rs. 3399.26).

#### Ageing of trade receivables are as under:-

Particulars	Less than 6 months	6-12 months	More than 12 months	Total
As at 31.03.2022	3,083.75	25.92	666.12	3,775.79
As at 31.03.2021	3,272.54	122.05	322.39	3,716.98

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### Reconciliation of loss allowance provision – Trade receivables

	31st March, 2022	31st March, 2021
Opening balance	317.72	293.60
Changes in loss allowance	150.00	27.12
Provision for Credit Loss written back	6.29	3.00
<b>Closing balance</b>	<b>461.43</b>	<b>317.72</b>

### 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 caproate office of the Company in accordance with practice and limits set by the Company. These limits vary by location to take into account requirement, future cash flow and the liquidity in which the entity operates. In addition, the Company's liquidity management strategy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

### (a) Financing arrangements

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

	As at	
	31st March, 2022	31st March, 2021
<b>Variable rate</b>		
Expiring within one year (bank overdraft and other facilities)	3,320.23	2,822.67
Expiring beyond one year (bank loans)	-	-
	<b>3,320.23</b>	<b>2,822.67</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

	Carrying Amounts 31st March, 2022	Contractual cash flows				
		Total	0- 1 Year	1–3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
Borrowings	1,454.00	1,454.00	563.50	890.50	-	-
Short term borrowings	3,303.21	3,303.21	3,303.21	-	-	-
Trade payables	1,834.14	1,834.14	1,834.14	-	-	-
Lease Liability	136.56	136.56	21.10	37.51	34.42	43.53
Other current financial liabilities	963.42	963.42	963.42	-	-	-
Total non-derivative liabilities	7,691.33	7,691.33	6,685.37	928.01	34.42	43.53

	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	-	-	-
<b>Total non-derivative liabilities</b>	<b>7,923.15</b>	<b>7,923.15</b>	<b>6,338.03</b>	<b>1,496.85</b>	<b>36.44</b>	<b>51.83</b>

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.

### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

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, 2022		As at 31st March, 2021	
	USD	EUR	USD	EUR
<b>Financial assets</b>				
Trade receivables	-	-	104.04	-
Other payables	351.58	-	303.02	-
Net statement of financial position exposure	351.58	-	407.06	-

The following significant exchange rates have been applied

	Average Rates		Year end spot rates	
	31st March, 2022	31st March, 2021	31st March, 2022	31st March, 2021
USD 1	74.53	74.20	75.81	73.15
EUR 1	86.46	86.67	84.66	86.10

### 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, 2022 and 31st March, 2021, 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.

### Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instrument is as follows

	Nominal Amount	
	31st March, 2022	31st March, 2021
<b>Fixed-rate instruments</b>		
Financial assets	355.89	273.43
Financial liabilities	11.16	18.64
	367.05	292.07
<b>Variable-rate instruments</b>		
Financial assets	-	-
Financial liabilities	4,746.05	5,448.91
	4,746.05	5,448.91

### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

	Profit or loss		Equity, net of tax	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
<b>31st March, 2022</b>				
Variable-rate instruments	23.73	(23.73)	17.76	(17.76)
<b>Cash flow sensitivity</b>	<b>23.73</b>	<b>(23.73)</b>	<b>17.76</b>	<b>(17.76)</b>
<b>31st March, 2021</b>				
Variable-rate instruments	27.24	(27.24)	20.39	(20.39)
<b>Cash flow sensitivity</b>	<b>27.24</b>	<b>(27.24)</b>	<b>20.39</b>	<b>(20.39)</b>

### 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.

#### 44. Disclosure of Ratios and their Elements as per the requirements of Schedule III to Companies Act 2013

##### a. Current Ratio = Current Assets divided by Current liabilities

	<b>31st March, 2022</b>	<b>31st March, 2021</b>
Current Assets	13,283.67	10,951.63
Current Liabilities	8,274.32	7,744.74
<b>Ratio (Times)</b>	<b>1.61</b>	<b>1.41</b>
<b>% Change from previous year</b>	<b>13.53%</b>	<b>25.71%</b>

**As at March 31, 2022 : Reason for change more than 25%:** Not applicable since the percentage of change in ratio is less than 25%

**As at March 31, 2021 : Reason for change more than 25%:** Current ratio has improved mainly due to repayment of short term borrowings

##### b. (i) Debt Equity ratio [Total debt divided by total equity, where total debt refers to sum of current and non current borrowings]

	<b>31st March, 2022</b>	<b>31st March, 2021</b>
Total debt*	4,757.21	5,467.55
Total equity	19,697.60	15,901.61
<b>Ratio (Times)</b>	<b>0.24</b>	<b>0.34</b>
<b>% Change from previous year</b>	<b>-29.76%</b>	<b>-41.67%</b>

**As at March 31, 2022 : Reason for change more than 25%:** Debt equity ratio has improved due to repayment of borrowings and increase in total equity

**As at March 31, 2021 : Reason for change more than 25%:** Debt equity ratio has improved mainly due to repayment of borrowings

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

- c. **Debt Service Coverage Ratio = Earnings available for debt services divided by Total interest and principal repayments**

	31st March, 2022	31st March, 2021
PAT	3,928.51	1,569.00
Profit on sale of Property, Plant & Equipment	(30.87)	(2.26)
Add: Non cash operating expenses and finance cost		
- Finance Cost	438.04	628.92
- Depreciation and Amortisation Cost	1,568.00	1,604.74
Earnings available for debt service	<b>5,903.68</b>	<b>3,800.40</b>
Current Borrowings	3,866.71	4,010.93
Add - Interest accrued	9.90	19.08
Total Debt (B)	<b>3,876.61</b>	<b>4,030.01</b>
<b>Ratio (Times) (A/B)</b>	<b>1.52</b>	<b>0.94</b>
<b>% Change from previous year</b>	<b>61.49%</b>	<b>40.57%</b>

**As at March 31, 2022 : Reason for change more than 25%:** Debt service coverage ratio has improved due to increase in earning and repayment of borrowings

**As at March 31, 2021 : Reason for change more than 25%:** Debt service coverage ratio has improved due to increase in earning and repayment of borrowings

- d. **Return on Equity Ratio / Return on Investment Ratio [Profit after tax divided by Average Equity]**

	31st March, 2022	31st March, 2021
Net profit after tax	3,928.51	1,569.00
Average equity	17,799.61	15,123.65
Ratio (%)	<b>22.07%</b>	<b>10.37%</b>
<b>% Change from previous year</b>	<b>112.74%</b>	<b>-4.31%</b>

**As at March 31, 2022 : Reason for change more than 25%:** Return on Equity Ratio/Return on Investment ratio improved due to increase in profit

**As at March 31, 2021 : Reason for change more than 25%:** Not applicable since the percentage of change in ratio is less than 25%

- e. **Inventory Turnover Ratio [Sales divided by Average annual inventory]**

	31st March, 2022	31st March, 2021
Sales	52,831.10	39,657.30
Average inventory	7,007.23	6,701.96
<b>Ratio (no. of times)</b>	<b>7.54</b>	<b>5.92</b>
<b>% Change from previous year</b>	<b>27.42%</b>	<b>0.81%</b>

**As at March 31, 2022 : Reason for change more than 25%:** Mainly due to increase in sales

**As at March 31, 2021 : Reason for change more than 25%:** Not applicable since the percentage of change in ratio is less than 25%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

- f. **Trade Receivables turnover ratio [Sales divided by Average trade receivables, where Sales is Revenue from Operations]**

	31st March, 2022	31st March, 2021
Sales	52,831.10	39,657.30
Average Trade Receivables	3,356.81	3,125.93
<b>Ratio (no. of times)</b>	<b>15.74</b>	<b>12.69</b>
<b>% Change from previous year</b>	<b>-24.06%</b>	<b>10.04%</b>

**As at March 31, 2022 - Reason for change more than 25%:** Mainly due to increase in sales

**As at March 31, 2021 - Reason for change more than 25%:** Not applicable since the percentage of change in ratio is less than 25%

- g. **Trade payables turnover ratio [Purchases divided by Average trade payables]**

	31st March, 2022	31st March, 2021
Purchases of raw materials and packing materials	32,088.35	20,968.43
Purchases of Stores & Spares	2,976.52	2,008.86
<b>Total Purchases</b>	<b>35,064.87</b>	<b>22,977.29</b>
Average Trade Payables	1,622.78	1,920.55
<b>Ratio (no. of times)</b>	<b>21.61</b>	<b>11.96</b>
<b>% Change from previous year</b>	<b>80.61%</b>	<b>8.30%</b>

**As at March 31, 2022 : Reason for change more than 25%:** Mainly due to lower trade payables at year end in comparison with previous year

**As at March 31, 2021 : Reason for change more than 25%:** Not applicable since the percentage of change in ratio is less than 25%

- h. **Net Capital Turnover Ratio [Sales divided by Net Working capital, where Net working capital is Current assets minus Current liabilities]**

	31st March, 2022	31st March, 2021
Sales (refer (f) above)	52,831.10	39,657.30
Net Working Capital	5,009.35	3,206.89
<b>Ratio (no. of times)</b>	<b>10.55</b>	<b>12.37</b>
<b>% Change from previous year</b>	<b>-14.72%</b>	<b>-63.06%</b>

**As at March 31, 2022 - Reason for change more than 25%:** Not applicable since the percentage of change in ratio is less than 25%

**As at March 31, 2021 - Reason for change more than 25%:** Due to increase in working capital as well as lower sales

- i. **Net profit ratio [Profit after tax divided by Sales]**

	31st March, 2022	31st March, 2021
Profit After Tax	3,928.51	1,569.00
Sales (refer (f) above)	52,831.10	39,657.30
<b>Ratio (%)</b>	<b>7.44%</b>	<b>3.96%</b>
<b>% Change from previous year</b>	<b>87.95%</b>	<b>22.45%</b>

**As at March 31, 2022 - Reason for change more than 25%:** Due to increase in profit

**As at March 31, 2021 - Reason for change more than 25%:** Not applicable since the percentage of change in ratio is less than 25%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

- j. **Return on Capital employed (pre cash)=Earnings before interest and taxes(EBIT) divided by Average Capital Employed**

	31st March, 2022	31st March, 2021
Profit before tax (A)	5,258.87	2,125.17
Finance Costs (B)	438.04	628.92
EBIT (C) = (A)+(B)	<b>5,696.91</b>	<b>2,754.09</b>
Average Capital Employed (D)	24,170.37	23,434.42
Ratio % (C/D)	<b>23.57%</b>	<b>11.75%</b>
% Change from previous year	<b>100.55%</b>	<b>36.55%</b>

**As at March 31, 2022 - Reason for change more than 25%:** Due to increase in earning before interest & tax

**As at March 31, 2021 - Reason for change more than 25%:** Due to increase in earning before interest & tax

- k. **Return on Investment=Net investment Income divided by Cost of investment**

	31st March, 2022	31st March, 2021
Net Investment Income (A)	0.29	-
Cost of Investment (B)	1.90	-
Ratio % (A/B)	<b>15.00%</b>	<b>0.00%</b>
% Change from previous year	<b>100.00%</b>	<b>0.00%</b>

**As at March 31, 2022 - Reason for change more than 25%:** Due to increase in income from investment

**As at March 31, 2021 - Reason for change more than 25%:** Not applicable since the percentage of change in ratio is less than 25%

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

### 46 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.

One customers individually account (one in prev. year) for more than 10% of the revenue in the year ended 31st March, 2022 and 31st March, 2021

### 47 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	31.03.2022	31.03.2021
Equity Share Capital	718.94	718.94
Other Equity	18,978.66	15,182.67
<b>Total Equity</b>	<b>19,697.60</b>	<b>15,901.61</b>
Non-Current Borrowings	890.50	1,456.62
Current maturities of Non-Current Borrowings	563.50	932.06
Current Borrowings	3,303.21	3,078.87
<b>Total Debts</b>	<b>4,757.21</b>	<b>5,467.55</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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

### 48 CSR Expenditure

The Company undertook Corporate Social responsibility ('CSR') programme and activities through a registered under the Income Tax Act, 1961.

Particulars	31.03.2022	31.03.2021
Amount required to be spent during the year	38.08	28.20
Amount spent during the year	65.76	2.14
(Excess) / Shortfall for the year	(27.68)	26.06
Total of previous years shortfall [net]	26.06	-
Excess amount spent shall be set off against subsequent years obligation	1.62	
Details of related party transactions such as Contribution to trust controlled by the company	-	-
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the period/year should be shown separately		
<b>Nature of CSR activities:</b>		
a) Contribution to PM Cares and State CMRF/AP Disaster Management Authority	-	-
b) Health/Eradicating Hunger/Poverty and malnutrition/Safe Drinking water/Sanitation	54.89	2.14
c) Promoting Education	10.87	0
d) Woman Empowerment		0
e) Promoting National Sports		
Reason for shortfall		
a) As at March, 31 2022- No Shortfall	-	-
b) As at March, 31 2021- The Company was in process of identifying prospective project in line with Schedule VII to the Companies Act, 2013	-	-

### 49 Dividend

The Board of directors in their meeting held on 10th May, 2022 have recommended dividend of Rs.2.50 per share aggregating Rs. 179.73 Lakhs subject to approval of the shareholders in the Annual General Meeting

In previous year, the Board of directors in their meeting held on 23rd June, 2021 have recommended dividend of Rs. 2.00 per equity share aggregating Rs. 143.79 Lakhs for the financial year ended March 31, 2021.

### 50 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  
 Date : 10th May, 2022

**PRADIP KUMAR DAGA** - DIN: 00040692  
 Chairman and Managing Director  
**YASHWANT KUMAR DAGA** - DIN: 00040632  
 Vice Chairman and Sr. Joint Managing Director  
**PUNAM CHAND SHARMA**  
 Chief Financial Officer  
**PUNEETA ARORA** - FCS:7466  
 Company Secretary

**SHANTANU DAGA** DIN: 08757724  
**PRADEEP KUMAR DROLIA** DIN: 00291966  
**ANAND PRASAD AGARWALLA** DIN: 00312652  
**VIVEK CHIRANIYA** DIN: 00166690  
 Directors

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DEEPAK SPINNERS LIMITED

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Plot No. 194-195

Fourth Floor, Industrial Area

Phase II, Chandigarh - 160 002