



DONEAR INDUSTRIES LTD.

28th Annual Report

**2013-14**



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



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



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**28th Annual General Meeting**  
on Wednesday  
24th September 2014, at 11:30 am

At  
Hotel Kohinoor Continental,  
J.B.Nagar, Andheri Kurla Road,  
Andheri (East), Mumbai – 400 059

*Shareholders are requested to bring with them the  
Attendance slip as given in the annual report*

## CORPORATE INFORMATION

### DIRECTORS

Shri Vishwanath L. Agarwal  
*Chairman*

Shri Rajendra V. Agarwal  
*Managing Director*

Shri Ajay.V. Agarwal  
*Whole Time Director*

Shri Rajagopal Sivaraj

Shri Durga Prasad C. Agarwal

Shri Santkumar B. Agarwal

### COMPANY SECRETARY

Shri Sreedhar H.

### AUDITORS

M. L BHUWANIA & CO.  
Chartered Accountants  
F-11, 3rd Floor, Manek Mahal,  
90, Veer Nariman Road,  
Churchgate, Mumbai – 400 020

### BANKERS

State Bank of Hyderabad  
Corporate Finance Branch,  
C-11, Mittal Tower,  
Nariman Point,  
Mumbai – 400 021

Dena Bank  
Industrial Finance Branch,  
Dena Bank Building 2,  
1st Floor, 17, Horniman Circle,  
Fort ,  
Mumbai-400 023

State Bank of India  
Commercial Branch,  
N.G.N. Vaidya Marg,  
Bank Street 17,  
Horniman Circle, Fort ,  
Mumbai-400 023

### WORKS

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

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

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

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

**NOTICE** is hereby given that the Twenty Eighth Annual General Meeting of the members of DONEAR INDUSTRIES LIMITED will be held at Hotel Kohinoor Continental, J.B.Nagar, Andheri Kurla Road, Andheri (East), Mumbai – 400 059 on 24th September, 2014 at 11.30 am to transact the following business

**Ordinary business :**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014 and Statement of Profit and Loss account for the year ended on that date together with Directors and Auditors Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Vishwanath L. Agarwal (DIN: 00223140) who retires by rotation and being eligible offers himself for reappointment
4. To appoint Auditors and to fix their remuneration and to pass the following resolution with or without modification(s) as an Ordinary Resolution.

“**RESOLVED THAT** M/s. M. L. Bhuwania & Co., Chartered Accountants (Firm Registration No. 101484W) be and are hereby appointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of 31st Annual General Meeting on such remuneration as may be fixed by the board of directors of the Company.”

**Special Business :**

5. To appoint Mr. Rajagopal Sivaraj (DIN: 02661385) as an independent director and in this regard to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Mr. Rajagopal Sivaraj (DIN: 02661385) who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and his hereby appointed as an independent Director of the Company to hold office for 5(five) consecutive years for a term up to the conclusion of 33rd Annual General Meeting of the Company.

6. To appoint Mr. Durgaprasad Agarwal (DIN: 00284675) as an independent director and in this regard to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provision, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force)

and clause 49 of the Listing Agreement, Mr. Durgaprasad Agarwal (DIN: 00284675), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 33rd Annual General Meeting of the Company .”

7. To appoint Mr. Santkumar Agarwal (DIN: 00153607) as an independent director and in this regard to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and clause 49 of the Listing Agreement, Mr. Santkumar Agarwal (DIN: 00153607), who was appointed as a Director liable to retire by rotation and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an independent Director of the Company to hold office for 5 (five) consecutive years for a term up to the conclusion of the 33rd Annual General Meeting of the Company .”

**EXPLANATORY STATEMENT PURSUANT TO SEC.102 (1) OF THE COMPANIES ACT, 2013**

**Item No. 5**

The Board of Directors has appointed Mr. Rajagopal Sivaraj as an Additional Director of the Company on 30th April, 2014. Pursuant to Sec.161(1) of the Companies Act, 2013, Mr. Rajagopal Sivaraj continues as a Director upto the ensuing Annual General Meeting. The Company has received notice under Sec. 160 of the Companies Act, 2013 proposing the name of Mr. Rajagopal Sivaraj as a Director of the Company.

Mr. Rajagopal Sivaraj is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. The Company has also received the consent from Mr. Rajagopal Sivaraj to act as Director of the Company.

The Company has received a declaration from Rajagopal Sivaraj stating that he meets with the criteria of independence as prescribed under section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

The Company has received notice in writing from a member along with deposit of requisite amount under section 160 of the Companies Act proposing the candidature of Mr. Rajagopal Sivaraj for office of Director of the Company.

Mr. Rajagopal Sivaraj is M.Sc., MMS, CAIIB. He joined State Bank group in 1976 and rose upto the level of DGM. He functioned at various levels in State Bank of Hyderabad, State Bank of Bikaner and Jaipur, State Bank of Patiala and State Bank of Mysore. He has also worked as senior finance functionary in Sejal Glass Limited, Hotel Leelaventure Limited and also consultant in loan syndication for few Companies.

Mr. Rajagopal Sivaraj holds NIL shares in the Company.

Mr. Rajagopal Sivaraj is not holding directorship in any of the companies.

The board recommends the appointment of Mr. Rajagopal Sivaraj as an Independent Director of the Company as set out in item no. 5 of the notice.

Except Mr. Rajagopal Sivaraj none of the directors are interested in the above Resolution.

#### **Item No. 6**

Mr. Durgaprasad Agarwal is an independent Director of the Company.

Securities and exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by listed companies.

It is proposed to appoint Mr. Durgaprasad Agarwal as an Independent Director of the Company under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term upto the conclusion of the 33rd Annual General Meeting of the Company.

Mr. Durgaprasad Agarwal is not disqualified from being appointed as director in terms of Section 164 of the Act.

The Company has received a notice from a member in writing along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Durgaprasad Agarwal as director of the Company.

The Company has also received declarations from Mr. Durgaprasad Agarwal that he meets with the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

Mr. Durgaprasad Agarwal has vast experience and knowledge in Finance, Marketing, and Administration etc.

Mr. Durgaprasad Agarwal is a Director of Duratex Silk Mills Limited.

Mr. Durgaprasad Agarwal together with his family members holds 1,00,377 shares in the Company.

The board recommends the appointment of Mr. Durgaprasad Agarwal as an Independent Director of the Company as set out in item no. 6 of the notice.

Except Mr. Durgaprasad Agarwal none of the directors are interested in the above Resolution.

#### **Item No. 7**

Mr. Santkumar Agarwal is an independent Director of the Company.

Securities and exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by listed companies.

It is proposed to appoint Mr. Santkumar Agarwal as an Independent Director of the Company under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 33rd Annual General Meeting of the Company.

Mr. Santkumar Agarwal is not disqualified from being appointed as director in terms of Section 164 of the Act.

The Company has received a notice from a member in writing along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Santkumar Agarwal as director of the Company.

The Company has also received declarations from Mr. Santkumar Agarwal that he meets with the criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

Mr. Santkumar Agarwal has vast experience in Finance and Share Broking.

Mr. Santkumar Agarwal is a Director of Brijmohan Sagarmal Capital Services Pvt. Ltd. He is also an active member of Bombay Stock Exchange Ltd. and National Stock exchange of India Ltd.

Mr. Santkumar Agarwal together with his family members holds 6,800 shares in the Company.

The board recommends the appointment of Mr. Santkumar Agarwal as an Independent Director of the Company as set out in item no. 7 of the notice.

Except Mr. Santkumar Agarwal none of the directors is interested in the above Resolution.

By Order of the Board of Directors  
For Donear Industries Limited

Shreedhar H.  
Company Secretary

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS UPTO AND NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. FURTHER, A MEMBER HOLDING MORE THAN TEN PERCENT OF THE SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER PERSON OR MEMBER.
2. The instrument appointing the proxy should be deposited with the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. Members are requested to intimate any change in their address to the Registrar and Transfer Agents of the Company at the following address:  
LINK INTIME INDIA PVT LTD  
C-13, PANNALAL SILK MILLS COMPOUND  
LBS MARG, BHANDUP (W)  
MUMBAI – 400 078
4. The Register of members and share Transfer Register will remain closed from 15.09.2014 to 24.09.2014 (both days inclusive).
5. Dividend, if declared, will be payable to those members whose names appear on the Register of members of the Company on 15th September, 2014 and in respect of shares held in Electronic form the dividend will be paid to the beneficial owners as per details furnished by the depositories for this purpose.
6. Shareholders are requested to inform their Bank Account Numbers, name and address of the Bank/Branch so that the same can be incorporated with their names in dividend warrants to avoid fraudulent encashment.
7. Members who hold shares in dematerialized form are requested to bring their ID & DPID numbers for easy identification of attendance at the meeting.
8. Shareholders seeking any information with regards to audited accounts are requested to write to the Company at least 10 days in advance so as to keep the information ready.
9. Members may note that the company has to transfer the dividends which remain unclaimed/unencashed over a period of 7 years to Investor Education and Protection Fund U/S 125 of the Companies Act, 2013. The details of dividend paid by the Company and respective due dates of transfer to the said Fund of the Central Governments, which remain unencashed, are as under:

<b>Date of Declaration</b>	<b>Dividend for the year</b>	<b>Due date for transfer to the Government</b>
14-09-2007	2006-2007	14th October, 2014
27-09-2008	2007-2008	27th October, 2015
26-09-2009	2008-2009	26th October, 2016
25-09-2010	2009-2010	25th October, 2017
24-09-2011	2010-2011	24th October, 2018
22-09-2012	2011-2012	23rd October, 2019
28-09-2013	2012-2013	27th October, 2020

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

In terms of the provisions of section 125 of the Companies Act, 2013, the amount of dividend remaining unclaimed for a period of seven years is required to be transferred to Investor Education and Protection Fund and in compliance thereof the Company had transferred unclaimed dividend amount for the financial years upto 2005-2006 to the Investor Education and Protection Fund set up by the Central Government and now no claim in respect thereof lies either against the Company or the Fund.

As mandated by the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with the Company) Rules, 2012, the particulars of the shareholders whose dividend amounts have remained unpaid for the financial years 2006-07 onwards are made available on website of the Company i.e [www.doneyar.com](http://www.doneyar.com). The said details are also available on the portal of Investor Education and Protection Fund at [www.iepf.gov.in](http://www.iepf.gov.in). Shareholders who have not encashed dividend warrants for the aforesaid period are requested to write to the Company/ RTA to claim unpaid amounts.

**10. Re-appointment of Director:**

Mr. Vishwanath Agarwal retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for appointment. The information/details pertaining to the Director in terms of clause 49 of the Listing Agreement with the Stock Exchanges are as under:

Details of Director seeking reappointment at the forthcoming Annual General Meeting on 24th September, 2014 (in terms of Clause 49 of the Listing Agreement with Stock Exchanges)

(i) Name of the Directors.	Mr. Vishwanath L. Agarwal
(ii) Date of Birth.	10-07-1938
(iii) Date of appointment	01-01-1990
(iv) Experience in Specific Area	Promoter Director. He has more than 40 years of experience in Textile Industry
(v) List of other companies in which directorships	Donear Synthetics Limited

**11. Voting through electronic means**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and rules made thereunder, the Company is pleased to provide its shareholders with the facility to exercise his /her rights to vote at the ensuing Annual General Meeting by electronic means and business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL).

**In case of members receiving e-mail:**

- i) The voting period begins on 17th September 2014 at 10 a.m. and ends on 19th September, 2014 at 6 p.m. During this period shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date 29th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter
- ii) The Shareholders should Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- iii) Click on "Shareholders" tab.
- iv) Now enter your User ID
  - a. For CDSL: 16 digit beneficiary ID.
  - b. For NSDL: 8 characters DP ID followed by 8 Digits Client ID.
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in Demat form and had logged on [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.
- vii) Now, fill up the following details in the appropriate boxes:

Details of	For Members holding shares in Demat Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the field.</li> </ul>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>• Please enter the DOB or Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the relevant "DONEAR INDUSTRIES LIMITED" on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/No" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTION FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii) Note for Non-Individual Shareholders & Custodians:
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates and Custodians respectively.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they should create compliance user using the admin login and password. The Compliance user would be able to link the depository account(s) / folio numbers on which they wish to vote.

- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**In case of members receiving the Physical copy:**

- a) Please follow all steps from sl. no. (i) to sl. no. (xix) above to cast vote.
- b) The voting period begins on 17th September 2014 at 10 a.m. and ends on 19th September, 2014 at 6 p.m. During this period shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date 29th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- d) The voting rights of shareholders shall be in proportion to their shares of the paid up capital of the Company as on the cut off date of 29th August 2014.
- e) Mr. Yogesh Sharma, Practising Company Secretary (C.P.No. 12366) has been appointed as scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- f) As the voting of the Members is through electronic means, the members who do not have access to e-voting, may requisite a Physical Ballot form from the Registered office of the Company or detach the same as given in the Annual Report sent to them. These Members are required to fill in the ballot form and enclose it in sealed envelope and send it the scrutinizer Mr. Yogesh Sharma, Practising Company Secretary B/1, Neha Apartment, Opp. Badwaik Hospital, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 so as to reach the Scrutinizer not later than 19th September, 2014 at 6.00 p.m. Ballot Form received after this date will be treated as invalid. The Scrutinizer’s decision on the validity of the forms will be final. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- g) The Scrutinizer shall within a period not exceeding 3 (three) working days from the conclusion of the e-voting period unlock the votes in the presence of atleast two witnesses not in the employment of the Company and make a scrutinizer’s report of the votes cast in favour or against, if any, forthwith forward to the Chairman of the Company.
- h) The results shall be declared at the AGM of the Company. The results declared alongwith the scrutinizers report shall be placed on the Company’s website [www.donear.com](http://www.donear.com) and on the website of CDSL within 2 (two) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the shares of the Company are listed.

By Order of the Board of Directors  
For Donear Industries Limited

Shreedhar H.  
Company Secretary

Registered Office:  
210, Key Tuo Industrial Estate,  
Kondivita Lane, Near MIDC,  
Andheri (East), Mumbai – 400 059

**DONEAR INDUSTRIES LIMITED**

CIN: L99999MH1987PLC042076

Registered Off. Add: 210, Key Tuo Industrial Estate, Kondivita Lane, MIDC, Andheri (East), Mumbai – 400 059

E –mail id : info@donear.com Website : www.donear.com

**BALLOT FORM**  
(In lieu of E-voting)

Sr. No. \_\_\_\_\_

Registered Folio No. / DPID No. / Client ID No. \_\_\_\_\_

Name &amp; Address \_\_\_\_\_

Name(s) of the Joint Member(s), if any \_\_\_\_\_

No. of Shares held \_\_\_\_\_

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the Notice of 28th Annual General Meeting of the Company dated 24th September 2014, by conveying my/our assent or dissent to the said

Resolution(s) by placing the tick(√)mark at the appropriate box below :-

Item No.	Description	No. of Shares	I / We assent to the Resolution (For)	I / We assent to the Resolution (Against)
1.	Adoption, of Financial statements for the year ended 31 March 2014 and the Directors' and Auditors' Report thereon			
2.	To declare dividend			
3.	Re-appointment of Shri. Vishwanath Agarwal as Director, who retires by rotation			
4.	Appointment of M/s. M.L.Bhuwania & Co., Chartered Accountants as Auditors and fixing their remuneration.			
5.	Appointment of Shri. Rajagopal Sivaraj as an Independent Director			
6.	Appointment of Shri.Durgaprasad Agarwal as an Independent Director			
7.	Appointment of Shri.Santkumar Agarwal as an Independent Director			

Place :

Date : \_\_\_\_\_ Signature of Shareholder

NOTE: Kindly read the instructions printed overleaf before filling the form. Valid Ballot Forms received by the Scrutinizer by 6.00 p.m. on 19th September 2014 shall only be considered.

**E-VOTING**

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

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

Please follow steps for e-voting procedure as given in the Notice of AGM by logging on to – [www.evotingindia.com](http://www.evotingindia.com)

## INSTRUCTIONS

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to the Scrutinizer, Mr.Yogesh Sharma, Practicing Company Secretary at B/1, Neha Apartment, Opp. Badwaik Hospital, L.B.S. Marg, Bhandup (West), Mumbai – 400 078to his email id [csymsharma@gmail.com](mailto:csymsharma@gmail.com), so as to reach by 6.00 p.m. of 19th September, 2014. Ballot Form received thereafter will strictly be treated as if not received.
2. The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event member casts his voted through both the processes i.e. E-voting and Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic /demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per records of the shared transfer agent of the Company (i.e. Link Intime India Private Limited). Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio/DP ID Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his/her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the ballot Form has been signed by an authorized representative of the body corporate/Trust/Society, etc. a certified copy of the relevant authorization/ Board resolution to vote should accompany the Ballot Form.
10. Instructions for e-voting procedure are available in the Notice of Annual General Meeting and are also placed on the website of the Company.

**DONEAR INDUSTRIES LIMITED**

CIN: L99999MH1987PLC042076

Registered Off. Add: 210, Key Tuo Industrial Estate, Kondivita Lane, MIDC, Andheri (East), Mumbai – 400 059

E –mail id : info@donear.com Website : www.donear.com

**ATTENDANCE SLIP**

I hereby record my presence at the 28th Annual General Meeting of the Company on Wednesday, 24th September, 2014 at 11.30 a.m. at Hotel Kohinoor Continental, J.B.Nagar, Andheri Kurla Road, Andheri (East), Mumbai – 400 059

Folio No./ DP ID and Client ID No. \_\_\_\_\_

**Name/s**

1st Name : \_\_\_\_\_

Joint Holder : \_\_\_\_\_

Joint Holder : \_\_\_\_\_

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

\_\_\_\_\_  
Signature of \*Shareholder/Proxy

\*Strike out whichever is not applicable

E-mail ID \_\_\_\_\_

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

**DONEAR INDUSTRIES LIMITED**

CIN: L99999MH1987PLC042076

Registered Off. Add: 210, Key Tuo Industrial Estate, Kondivita Lane, MIDC, Andheri (East), Mumbai – 400 059

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**PROXY FORM**  
Form No. MGT-11

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

CIN L99999MH1987PLC042076

Name of the Company DONEAR INDUSTRIES LIMITED

Registered Office 210, Key Tuo Industrial Estate, Kondivita Lane, MIDC, Andheri (East), Mumbai – 400 059

Name of the member(s) \_\_\_\_\_

Registered Address \_\_\_\_\_

E-mail ID \_\_\_\_\_

Folio No. or DP ID and Client ID \_\_\_\_\_

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

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

As my/our proxy to attend and vote (on a poll) for me /us and on my / our behalf at the 28th Annual General Meeting of the Company, to be held on Wednesday, 24th September, 2014 at 11.30 a.m. at Hotel Kohinoor Continental, J.B.Nagar, Andheri Kurla Road, Andheri (East), Mumbai – 400 059, and at any adjournment thereof in respect of such resolutions as are indicated below :

- Adoption of Financial statements for the year ended 31 March 2014 and the Directors and Auditors Reports thereon.
- To declare dividend.
- Re-appointment of Shri. Vishwanath Agarwal as Director, who retires by rotation.
- Appointment of M/s. M.L.Bhuwania & Co., as Auditors of the Company.
- Appointment of Shri. Rajagopal Sivaraj an an Independent Director.
- Appointment of Shri. Durgaprasad Agarwal an an Independent Director.
- Appointment of Shri. Santkumar Agarwal an an Independent Director.

Signed this \_\_\_\_\_ day \_\_\_\_\_ 2014.

Affix  
Revenue  
Stamp of  
Re. 1/-

\_\_\_\_\_  
Signature of shareholder\_\_\_\_\_  
Signature of the proxy holder(s)

## Notes:

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

## DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS

To,  
The Members  
DONEAR INDUSTRIES LIMITED

The Directors have pleasure in presenting their TWENTY EIGHTH ANNUAL REPORT together with the Audited Statement of Accounts for the year ended on 31st March, 2014.

### 1. FINANCIAL RESULTS:

The salient features of the Company's Financial Results for the year under review are as follows:

Particulars	Year 2013-14 (Rupees)	Year 2012-13 (Rupees)
Gross Revenue	4,78,05,02,610	4,08,94,62,989
Net Profit for the Year	3,72,60,190	60,34,976
Add: Balance Brought Forward	17,60,35,169	18,21,67,673
Less: Proposed Final Dividend	1,04,00,000	1,04,00,000
Less : Dividend Distribution Tax	17,67,480	17,67,480
Amount Transferred to General Reserve	Nil	Nil
Balance Carried forward	20,11,27,878	17,60,35,169

### 2. DIVIDEND :

The Directors have pleasure in recommending dividend @ Re 0.20 per share for the Financial Year 2013-2014. The dividend will absorb Rs. 1,21,67,480/- ( including corporate tax on dividend amounting to Rs.17,67,480/-).

### 3. MANAGEMENT DISCUSSION AND ANALYSIS :

#### (a) Industrial Structure and developments :

India is the one of the world's largest producers of textiles and garments. Abundant availability of raw materials such as cotton, wool, silk and jute as well as skilled workforce have made the country a sourcing hub. It is the world's second largest producer of textiles and garments. The Indian textiles industry accounts for about 24 per cent of the world's spindle capacity and 8 per cent of global rotor capacity. The potential size of the Indian textiles and apparel industry is expected to reach US\$ 223 billion by 2021, according to a report by Technopak Advisors. (Source www.ibef.org)

The textiles industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. The sector contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP), and 27 per cent to the country's foreign exchange inflows. It provides direct employment to over 45 million people. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the India's economy.

#### (b) Opportunities and Threats :

The Indian textiles industry is set for strong growth, buoyed by strong domestic consumption as well as export demand.

The most significant change in the Indian textiles industry has been the advent of man-made fibres (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. MMF production recorded an increase of 10 per cent and filament yarn production grew by 6 per cent in the month of February 2014. MMF production increased by about 4 per cent during the period April 2013–February 2014.

Cotton yarn production increased by about 10 per cent during February 2014 and by about 10 per cent during April 2013–February 2014. Blended and 100 per cent non-cotton yarn production increased by 6 per cent during February 2014 and by 8 per cent during the period April 2013–February 2014.

Cloth production by mill sector registered a growth of 9 per cent in the month of February 2014 and of 6 per cent during April 2013–February 2014.

Cloth production by power loom and hosiery increased by 2 per cent and 9 per cent, respectively, during February 2014. The total cloth production grew by 4 per cent during February 2014 and by 3 per cent during the period April 2013–February 2014.

Textiles exports stood at US\$ 28.53 billion during April 2013–January 2014 as compared to US\$ 24.90 billion during the corresponding period of the previous year, registering a growth of 14.58 per cent. Garment exports from India is expected to touch US\$ 60 billion over the next three years, with the help of government support, said Dr A Sakthivel, Chairman, Apparel Export Promotion Council (AEPC).

Lack of uninterrupted power, increased power costs, higher transaction costs, high cost of labour, high requirement of working capital are hindering the progress. However, we are making all out efforts to cope with all these challenges by continuous efforts at cost reduction, process improvements, diversification of products and improving productivity by improving efficiencies

**(c) Segment wise or Product wise performance**

The Company has one reportable segment viz., Textiles

**(d) Outlook**

The Indian textiles industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. The industry is expected to reach US\$ 220 billion by 2020.

For the textiles industry, the proposed hike in FDI limit in multi-brand retail will bring in more players, thereby providing more options to consumers. It will also bring in greater investments along the entire value chain – from agricultural production to final manufactured goods.

With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with several international players such as Marks and Spencer, Guess and Next having entered the Indian market. The organised apparel segment is expected to grow at a compound annual growth rate (CAGR) of more than 13 per cent over a 10-year period.

In addition to the incentives from the central Government under TUFS, various state Government e.g Maharashtra and Gujarat have also announced textile policies offering various fiscal incentives to promote Investments into Textile Industry which generates highest employment.

**(e) Risks and Concern**

The fluctuation in the currency especially against the dollar is becoming problematic for long term booking of orders. Cotton prices are increasing regularly as are other input costs including power and logistics. Natural Gas has become so much costlier that its use as a source of power has become prohibitive.

**(f) Internal Control System and its adequacy**

The company has adequate internal control systems to run its operations efficiently and to safeguard its assets. There are proper controls in place to prevent any misuse or fraud.

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

The company reported a turnover of Rs.47,805.03 Lacs during the year 2013-14 against a turnover of Rs. 40,885.02 Lacs in the previous year. The operations at Surat facility has been stabilised and the cotton fabrics business has improved in the year 2013-14.

**(h) Modernisation & Capital Expansion Projects:**

The Company is planning to do expansion in the yarn dyeing and weaving capacity.

**(i) Human Resource Management**

Currently, the company has one of the best team of professionals in the industry. The company believe in recruiting the best available talent in the industry and maintain high standards of motivation to have a very low employee turnover ratio.

The company's policy of recruiting people from the institutes directly and providing them training at work has proved beneficial for the company.

**4. DIRECTORS:**

Mr. Durgaprasad Agarwal retires by rotation, and, being eligible, offers himself for reappointment. Details of Directors seeking reappointment is provided in the Notice convening the Annual General Meeting pursuant to clause 49 of the Listing Agreement with Stock Exchange.

Dr. Ramesh D. Tainwala has resigned with effect from 11.12.2013 as a Director of the Company.

Mr. Rajagopal Sivaraj has been appointed as Additional, Independent & Non executive Director in place of Dr. Ramesh D. Tainwala of the Company w.e.f. 30.04.2014.

**5. AUDITORS:**

The statutory auditors of the Company M/s. M..L..Bhuwania & Co., retire at the conclusion of the ensuing Annual General Meeting. The retiring auditors have furnished a certificate that the re-appointment, if made, would be within the prescribed limit specified under Sec. 224(1B) of the Companies Act, 1956.

**6. COST AUDITORS:**

The Company has re-appointed Mr. Y. R. Doshi, Cost Accountant, as Cost Auditor of the Company relating to financial year 2013-14 as required by the Central Government under Section 233B of the Companies Act, 1956.

**7. DIRECTORS' RESPONSIBILITY STATEMENT:**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state that with respect to Directors Responsibility Statement,

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any;
- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit or loss of the Company for that year;
- (c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors have prepared annual accounts on a going concern basis.

**8. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOINGS :**

Information as per Section 217 (1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 1 of this report.

**9. PARTICULARS OF EMPLOYEES :**

None of the employees of the Company was in receipt of salary exceeding the amount prescribed under Section 217(2A) of the Companies Act, 1956.

**10. CAUTIONARY STATEMENT :**

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning applicable securities laws and regulation. Actual results could differ materially from those express or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

**11. CORPORATE GOVERNANCE :**

Your Company has complied with all the mandatory requirements of corporate governance pursuant to clause 49 of the listing agreement. A report on Corporate Governance and Auditor's Certificate concerning compliance is also attached to the report.

**12. ACKNOWLEDGMENT :**

The Directors acknowledge the valuable support & co-operation received by the Company from the Bankers, Shareholders and Employees of the Company.

For and on behalf of the Board  
DONEAR INDUSTRIES LIMITED

(VISHWANATH L. AGARWAL)  
Chairman

Place: Mumbai

Date : 30th May, 2014

## ANNEXURE " 1" TO THE DIRECTORS' REPORT

Information U/s 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 for the year ended 31st March, 2014.

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgoings.

### A. Conservation of Energy :

(a)	Energy conservation measures taken	Regular monitoring of consumption, optimization of production facility, proper maintenance of machines
(b)	Additional investments and proposals if any, being implemented for reduction of consumption of energy	Nil
(c)	Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	Improvement in quality and efficiency in production.
(d)	Total energy consumption in units	Total Energy Consumption of 25,350,722 Units.
(e)	Consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto.	0.70 per unit of Fabric Production 1.23 per unit of Yarn Dyeing Production 0.16 per unit of Fabric Processing

### B. Technology absorption:

(a)	Efforts made in technology absorption as per Form B of the Annexure	At present not required.
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### C. Foreign exchange earnings and outgoing :

(a)	Activities relating to exports, initiatives taken to increase exports, development of new export markets for production and services and export plans.	The Company is regularly developing new designer suiting and shirting fabrics as per latest trends in markets to export all over the world especially to the new markets. The Company has also taken initiative in exporting cotton fabrics.	
(b)	Total foreign exchange used and earned	Used :	
		C.I.F. value of imports	Rs. 3,13,89,944
		Expenses in foreign currency	Rs. 3,66,58,995
		Earned :	
		FOB	Rs. 43,12,21,894

**FORM - A****Form for Disclosure of Particulars with respect to Conservation of Energy****A) Power and fuel consumption**

Particulars		Current Year	Previous Year
<b>1. Electricity</b>			
a) Purchased Units		21,168,485	17,535,559
Total amount		141,233,713	106,915,433
Rate/Unit	(Rs.)	6.67	6.10
b) Own generation			
i) Through diesel generator			
Unit		78,781	99,849
Units per Liters of diesel oil		3.08	3.06
Cost/Unit	(Rs.)	17.66	15.42
ii) Through steam turbine/generator			
Unit		Nil	Nil
Units per Ltr. of diesel oil/gas		Nil	Nil
Cost/Unit	(Rs.)	Nil	Nil
iii) Through Gas Generator :			
Units		6,591,550	7,715,315
Units per CM3 of Gas		3.54	3.28
Cost/Unit	(Rs.)	10.12	8.96
<b>2. Coal (specify quality and where used)</b>			
Quantity ( Tones )		24158.18	19563.36
Total Cost	(Rs.)	101,886,662	67,410,031
Average Rate per Ton	(Rs.)	4,217	3,446
(Imported and Lignite used in Boiler for Steam Generation)			
<b>3. Furnace Oil</b>			
Quantity ( Tones )		Nil	Nil
Total Cost	(Rs.)	Nil	Nil
Average Rate per Ton	(Rs.)	Nil	Nil
<b>4 Others/internal generation (please give details)</b>			
Quantity ( Tones )		Nil	Nil
Total Cost	(Rs.)	Nil	Nil
Average Rate per Ton	(Rs.)	Nil	Nil

**B) Consumption per Unit of Production:**

Sr. No.	Products	Unit	Standard (If Any)	Current Year	Previous Year
1	Fabrics Produced	Metre	----	26,606,772	24,198,468
	Electricity consumed for Fabrics	Units	----	18,698,512	16,866,158
	Electricity Consumed for Fabrics	Unit/Mtr	----	0.70	0.70
2	Yarn Dyeing Production	Kgs	----	2,991,739	2,373,107
	Electricity consumed for yarn dyeing	Units	----	3,298,433	2,915,508
	Electricity consumed for yarn dyeing	Unit/Kg	----	1.10	1.23
3	Fabric Processing Production	Metre	----	41,110,679	35,622,106
	Electricity consumed for Fabric processing	Units	----	5,841,871	5,569,056
	Electricity consumed for Fabric processing	Unit/Mtr	----	0.14	0.16
4	Furnace Oil	-----	-----	Nil	Nil
5	Coal	-----	-----	Nil	Nil
6	Others	-----	-----	Nil	Nil

**FORM - B**

**Form for disclosure of particulars with respect to absorption**

**A) Research and Development (R & D)**

1. Specific areas in which R & D carried out by the Company	None
2. Benefits derived as a result of the above R & D	Not Applicable
3. Future plan of action	To install additional capacity at surat plant.
4. Expenditure on R & D	Not Applicable
a. Capital	
b. Recurring	
c. Total	
d. Total R & D expenditure as a percentage of total turnovers.	

**B) Technology absorption, adaptation and innovation**

1. Efforts, in brief made towards technology absorption, adaptation and innovation	None
2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.,	Not Applicable
3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year),	Not Applicable
a) Technology imported	
b) Year of import	
c) Has technology been fully absorbed ?	
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	

## CORPORATE GOVERNANCE FOR THE YEAR 2013-2014

### 1. Corporate Governance :

Corporate governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

### 2. Company's Philosophy on Code of Corporate Governance:

Transparency, fairness, disclosure and accountability are central to the working of the Company and its Board of Directors. The Company has always been guided by conviction of adhering to transparency, accountability and integrity. The Company believes and acknowledges individual and collective responsibilities to manage the business activities with integrity. The Company lays great emphasis on regulatory compliances and strives to ensure that high standard of professionalism and ethical conducts are maintained throughout the organization. The Board undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair-play and independence in its decision making.

### 3. Code of Conduct:

The Company has well defined policy framework which lays down procedures to be adhered to by all Board Members and Senior Management for ethical professional conduct. The Code outlines fundamental ethical considerations as well as specified considerations that need to be maintained for professional conduct. Senior Management includes personnel of the core management team excluding Board of Directors but including all functional heads.

### 4. Board of Directors:

#### (i) Composition and size of the Board

The Company's policy is to have an appropriate mix of Executive & Non-Executive Directors. The size and composition of the Board, conforms to the requirements of Corporate Governance Report under Clause 49 of the Listing Agreement with the Stock Exchanges.

The present strength of the Board of Directors is six members including with rich professional experience in various fields. The Managing Director and Whole-time Director are the Executive Directors and the other four are Non-Executive Directors. Half of the Board consists of Independent Directors.

#### (ii) Meeting of the Board :

During the financial year 2013-14, the Board met 6 times on 30th May 2013, 14th August, 2013, 3rd October 2013, 13th November, 2013, 3rd December, 2013, 14th February, 2014 respectively. The gap between any two meetings was lesser than 4 months.

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Chairman & Managing Director and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board meets at least once in every quarter inter alia to review the quarterly results. Additional Meetings are held as and when necessary. The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft minutes are circulated amongst the Members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the minutes, in consultation with the Chairman & Managing Director. The minutes are approved by the Members of the Board at the next Meeting. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary.

As per Clause 49 of the Listing Agreement none of the Directors on the Board of the Company is a member in more than 10 or Chairman of more than 5 specified committees of the Board across all the companies in which he is a Director. The necessary disclosure regarding Directorship and Committee positions have been made by the Directors who are on the Board of the Company as on March 31, 2014. The composition of Board of Directors, attendance at the Board Meetings during the financial year and attendance at the last Annual General Meeting and number of outside Directorships, Chairman/Membership of Committees held by them are as under:

**CORPORATE GOVERNANCE FOR THE YEAR 2013-2014**

Name of the Director	Director Identification No.	Category	Relationship with other Directors	No. of Board Meetings attended	Last AGM attendance	No. of Directorships	Chairmanship / Membership of Board Committees
Mr. Vishwanath L. Agarwal	00223140	Promoter & Non-Executive Director	Father of Mr. Rajendra Agarwal & Mr. Ajay Agarwal	6	Yes	1	Nil
Mr. Rajendra V Agarwal	00227233	Promoter & Executive Director	Son of Mr. Vishwanath Agarwal & Brother of Mr. Ajay Agarwal	6	Yes	1	Nil
Mr. Ajay V Agarwal	00227279	Promoter & Executive Director	Son of Mr. Vishwanath Agarwal & Brother of Mr. Rajendra Agarwal	6	Yes	Nil	Nil
Dr.Ramesh D Tainwala *	00234109	Independent & Non-Executive Director	None	2	No	2	Nil
Mr. Durgaprasad C Agarwal	00284675	Independent & Non-Executive Director	None	6	No	1	Nil
Mr. Sant Kumar B Agarwal	00153607	Independent & Non-Executive Director	None	5	No	Nil	Nil

**Note:**

- (i) Number of Directorship/Memberships held in other Companies excludes Directorship/Member in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.
- (ii) Includes only Audit & Shareholder's Grievance Committee
- (iii) \* Dr. Ramesh D. Tainwala resigned with effect from 11.12.2013 as a Director of the Company.
- (iv) Mr. Rajagopal Sivaraj was appointed as Additional, Independent & Non executive Director W.e.f. 30.04.2014.

**(iii) Information to the Board:**

The Board of Directors has complete access to the information within the Company, which inter alia includes :-

- Annual revenue budgets and capital expenditure plans;
- Quarterly results and results of operations of Independent Company and business segments;
- Financing plans of the Company;
- Minutes of meeting of Board of Directors, Audit Committee, Remuneration and compensation Committee and Shareholders' / Investors' Grievance Committee;
- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non- payment of dividend, delay in share transfer, etc., if any.

**5. Appointment/Reappointment of Directors:**

Mr. Durgaprasad Agarwal retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment.

Mr.Durgaprasad Agarwal is an Independent director of the Company. Mr. Durgaprasad Agarwal has rich experience in Marketing and Finance. Mr. Durgaprasad Agarwal retires at the forthcoming Annual General Meeting and being eligible offers for reappointment. Approval of the shareholders is sought for reappointment. Details absence the director's appointment or reappointment form part of the notice of the annual general meeting.

## 6. Board Committee

The Board constitutes the following Committees of Directors:

- (a) Audit Committee
- (b) Shareholders' Grievance Committee
- (c) Remuneration / Compensation Committee

The Board is responsible for constituting, assigning and co-opting the members of the Committees.

### (a) Audit Committee:

#### (i) Composition

The Audit Committee comprises 3 members and all of them are independent Directors. All the member of the Audit Committee are financially literate.

#### (ii) Attendance at the Audit Committee Meeting:

During the financial year 2013-14, the Committee met 4 times on 30th May 2013, 14th August, 2013, 13th November, 2013, and 14th February, 2014 respectively. The attendance of Members at the Meetings was as follows:

Name	Designation	Category	Attendance out of 4 meetings held
Mr. Durga Prasad Agarwal	Chairman	Independent	4
Mr. Sant Kumar Agarwal	Member	Independent	4
Dr. Ramesh D Tainwala (Upto 11.12.2013)	Member	Independent	2
Mr. Rajagopal Sivaraj (w.e.f. 30.04.2014)	Member	Independent	NIL

The Board has designated Company Secretary to act as Secretary of the Audit Committee. The Chairman of the Audit Committee was not present at the last Annual General Meeting.

#### (iii) Power of Audit Committee:

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

#### (iv) Role of Audit Committee :

- (a) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Recommending the Board, the appointment, re-appointment and if required replacement or removal of Statutory Auditors and fixation of Audit fees.
- (c) Approval of payment to Statutory Auditors for any other services rendered by Statutory Auditors.
- (d) Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to :
  - Matters required being included in Directors' Responsibility statement to be included in the Board's Report in terms of Clause 2(AA) of section 217 of the Companies Act, 1956.
  - Changes if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by management.
  - Significant adjustments made in the financial statement arising out of audit findings.
  - Compliance with Listing Agreement and other legal requirements relating to financial statements.
  - Disclosures of related party transactions.
  - Qualifications in draft Audit Report.
- (e) Reviewing, with the management, the quarterly financial statement before submission to the Board for approval.
- (f) Reviewing, with the management the performance of Statutory and Internal Auditors, adequacy of internal control systems.
- (g) Discussion with the Statutory Auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (h) To look into the reasons for the substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (i) To review the functioning of Whistle Blower Mechanism, in case, if the same exists.
- (j) Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

**(v) Review of Information by Audit Committee:**

The audit committee shall mandatorily review the following information:

- (a) Management discussion and analysis of financial condition and results of operation.
- (b) Statement of significant related party transaction (as defined by audit committee) submitted by the management.
- (c) Management letters/letters of internal control weaknesses issued by the statutory auditors.
- (d) The appointment, removal and terms of remuneration of the internal auditors shall be subject to review by the audit committee.

**(b) Shareholders' Grievance Committee:**
**(i) Terms of reference:**

The Terms of reference to the Shareholders' Grievance Committee focuses on shareholders' grievances and strengthening of investors' relations, specifically looking into redressal of grievances pertaining to

- (a) Redressal of Shareholders / Investors' complaints
- (b) Allotment, transfer and transmission of shares
- (c) Non-receipt of balance sheet
- (d) Non-receipt of declared dividend
- (e) Matters relating to demat / remat
- (f) Other related issues

**(ii) Meeting :**

During the financial year there was no Shareholders Grievance Committee Meeting. The Shareholders Grievance Committee comprises 3 members and all of them are independent Directors.

Name	Designation
Mr. Durga Prasad Agarwal	Chairman
Mr. Sant Kumar Agarwal	Member
Dr. Ramesh D Tainwala (Resigned w..e.f. 11/12/2013)	Member
Mr. Rajagopal Sivaraj (Appointed w.e.f. 30/04/2014)	Member

Company Secretary has been designated as Compliance Officer.

**(iii) Number of Complaints:**

During the year, the Company / its Registrar's received the following complaints from SEBI / Stock Exchanges and queries from shareholders, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI/Stock Exchange	Nil	0	0	0
Shareholders-non receipt of Annual Report Queries	Nil	0	0	0
Dividend	1	2	3	0

**(c) Remuneration / Compensation Committee:**
**(i) Composition**

The Board has constituted a Remuneration/Compensation Committee comprising the following directors:

Name	Designation
Mr. Durga Prasad Agarwal	Chairman
Mr. Sant Kumar Agarwal	Member
Dr. Ramesh D Tainwala (Resigned w..e.f. 11/12/2013)	Member
Mr. Rajagopal Sivaraj (Appointed w.e.f. 30/04/2014)	Member

**(ii) Meetings**

During the Financial year 2013-2014 the Remuneration Committee Meeting was held on 30th May, 2013.

**7. Remuneration paid to Directors:**

The remuneration paid to Managing Director and Whole Time Director is in accordance with and subject to limits prescribed in Schedule xiii of the Companies Act, 1956. Appointments in terms of employment are governed by the Articles of Association of the Company. The remuneration payable to the Managing Director and Whole Time Director was approved by the Remuneration Committee, by the board of Directors and subsequently ratified by the shareholders at the Annual General Meeting.

The Non- executive directors of the Company do not draw any remuneration other than sitting fees for attending the board meetings, audit committee meetings, remuneration committee meetings and any other committee meetings of the board of Directors at Rs. 1000/- per meeting of the board/ committee meetings.

Directors	Salary (including Performance Incentive, if any and other allowance) (Rs.)	Contribution to P. F. and Gratuity (Rs.)	Sitting Fees (Rs.)	Insurance (Rs.)	Total (Rs.)
Mr. Vishwanath L Agarwal – Chairman	-	-	6,000	-	6,000
Mr. Rajendra V Agarwal – Managing Director	2,400,000	403,385	-	43,543	2,846,928
Mr. Ajay V Agarwal – Whole Time Director	900,000	151,269	-	35,649	1,086,918
Dr. Ramesh D Tainwala – Non - executive /Independent Director	-	-	4,000	-	4,000
Mr. Durgaprasad C Agarwal – Non - executive / Independent Director	-	-	11,000	-	11,000
Mr. Sant Kumar B Agarwal – Non - executive / Independent Director	-	-	10,000	-	10,000

**8. Venue and Time of Annual General Meetings during the last three years:**

Financial Year	Date & Time	Venue	Special Resolution passed
2010-11	24-09-2011 11:30 am	Hotel Kohinoor Continental, J.B Nagar, Andheri Kurla Road, Andheri (E), Mumbai- 400 049.	Nil
2011-12	22-09-2012 11:30 am	Hotel Kohinoor Continental, J.B Nagar, Andheri Kurla Road, Andheri (E), Mumbai- 400 049.	Nil
2012-13	28-09-2013 11:30 am	Donear House, Plot no. A-49/50, Marol Industrial Area, MIDC, Andheri (East), Mumbai – 400 093	Nil

No resolution was passed through postal ballot during the Financial Year 2013-14.

**9. Disclosures:**

- There were no transactions of material nature with its Promoters, Directors or the Management, their subsidiaries or relatives during the period that may have potential conflict with the interest of the company at large.
- Transactions with related parties are disclosed in Note No. 29 in the notes to the accounts in the Annual Report as required by Accounting Standards under AS 18 issued by Institute of Chartered Accountants of India. The Audit Committee had reviewed the related party transactions as a mandatory requirement under clause 49 of the Listing Agreement and found them to be not materially significant.
- There were no non-compliances by the Company during the year. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities on any matters related to the capital markets, during the previous three financial years.
- The Board has adopted a Code of Conduct including Business Ethics Policy for its Directors and Senior Management. This is available on the Company's web-site.

- The Managing Director has submitted before the Board a declaration of compliance with the Code of Conduct by the Directors during the financial year ended March 31, 2014.
- No presentation was made/displayed in newspaper on website.
- The Company follows the Accounting Standards as prescribed in Companies Accounting Standards Rules 2006 and in the preparation of the financial statement; the Company has not adopted a treatment different from that prescribed by any Accounting Standard.
- Risk assessment and minimization procedures are periodically reviewed by the Audit Committee and the Board of Directors of the Company.
- The Chief Executive Officer and the Chief Financial Officer have certified to the Board of Directors as per the format prescribed in compliance Clause 49(V) of the Listing Agreement with the Stock Exchanges. This has been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company.
- The Company has complied with all mandatory requirements under Clause 49 of the Listing Agreement with the Stock Exchanges. The adoption of non-mandatory requirements has been dealt with in this Report.
- Management Discussion and Analysis report form part of the Annual Report to the shareholders.

**10.Means of Communication:**

Sl. No.	Particulars	Newspaper
1	English Newspapers in which quarterly results were published / to be published	Free Press Journal
2	Vernacular Newspapers in which quarterly results were published / to be published	Navshakti

Un-audited financial results are published in leading English/Vernacular newspapers. The half yearly report is not sent separately to the Shareholders. Annual Reports are sent to the shareholders at their registered address with the Company and also put up on Company's web site [www.donear.com](http://www.donear.com).

**11. General Shareholders Information:**

Sl. No.	Particulars	Details												
1	Annual General Meeting	24-09-2014 11:30 am Hotel Kohinoor Continental, J.B.Nagar, Andheri Kurla Road, Andheri (East), Mumbai – 400 059												
2	Financial Calendar (Tentative)	<table border="0"> <thead> <tr> <th><b>Financials for Quarter ending</b></th> <th><b>Financial Reporting Date</b></th> </tr> </thead> <tbody> <tr> <td>June 30, 2014</td> <td>Second week of August, 2014</td> </tr> <tr> <td>September 30, 2014</td> <td>Second week of November, 2014</td> </tr> <tr> <td>December 31, 2014</td> <td>Second week of February, 2015</td> </tr> <tr> <td>March 31, 2015</td> <td>Last week of May 2015</td> </tr> <tr> <td>Annual General Meeting for the year ended March. 31, 2015</td> <td>August-September, 2015</td> </tr> </tbody> </table>	<b>Financials for Quarter ending</b>	<b>Financial Reporting Date</b>	June 30, 2014	Second week of August, 2014	September 30, 2014	Second week of November, 2014	December 31, 2014	Second week of February, 2015	March 31, 2015	Last week of May 2015	Annual General Meeting for the year ended March. 31, 2015	August-September, 2015
<b>Financials for Quarter ending</b>	<b>Financial Reporting Date</b>													
June 30, 2014	Second week of August, 2014													
September 30, 2014	Second week of November, 2014													
December 31, 2014	Second week of February, 2015													
March 31, 2015	Last week of May 2015													
Annual General Meeting for the year ended March. 31, 2015	August-September, 2015													
3	Date of Book Closure	15th September, 2014 to 24th September, 2014 (both days inclusive)												
4	Dividend Payment Date	Within 30 Days from the date of AGM												
5	Listing on Stock	<table border="0"> <thead> <tr> <th>Exchanges Name &amp; Address of StockExchange Ltd</th> <th>Stock Code</th> <th>Demat ISIN for NSDL &amp; CDSL</th> </tr> </thead> <tbody> <tr> <td>Bombay Stock Exchange Ltd (BSE)</td> <td>512519</td> <td>INE 668D01028</td> </tr> <tr> <td>National Stock Exchange of India Ltd (NSE)</td> <td>DONEAREQ</td> <td>INE 668D01028</td> </tr> </tbody> </table>	Exchanges Name & Address of StockExchange Ltd	Stock Code	Demat ISIN for NSDL & CDSL	Bombay Stock Exchange Ltd (BSE)	512519	INE 668D01028	National Stock Exchange of India Ltd (NSE)	DONEAREQ	INE 668D01028			
Exchanges Name & Address of StockExchange Ltd	Stock Code	Demat ISIN for NSDL & CDSL												
Bombay Stock Exchange Ltd (BSE)	512519	INE 668D01028												
National Stock Exchange of India Ltd (NSE)	DONEAREQ	INE 668D01028												
6	Payment of Annual Listing fees	Listing fees for the financial year 2014-2015 has been paid to both the Stock Exchanges BSE & NSE												
7	Registrars & Transfer Agents	Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West), Mumbai – 400 078.												
	Contact person	Mr. Rajesh Mishra												
	Contact No	25963838. Extn. 2297 Fax. : 25956969												
	Email	rajesh.mishra@linkintime.co.in												

8	Custodial Fees to Depositories	The Company has paid custodial fees for the year 2014-15 to NSDL and CDSL.
9	Address for correspondence	Donear Industries Limited 210, Key Tuo Industrial Estate, Kondivita Lane, near MIDC Andheri (East), Mumbai- 400 059.
10	For any assistance	Regarding dematerialization of shares, share transfers, transmissions, change of address, non receipt of dividend or annual report or any other query relating to shares be addressed to Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078.
	Contact No	Phone: 022 25963838, Fax: 022 25946969
	Email	rajesh.mishra@linkintime.co.in

## 12.Share Transfer System:

- Securities lodged for transfer at the Registrar's Office are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Company Secretary is empowered to approve transfer of shares and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc are processed by the Registrars within 30 days.

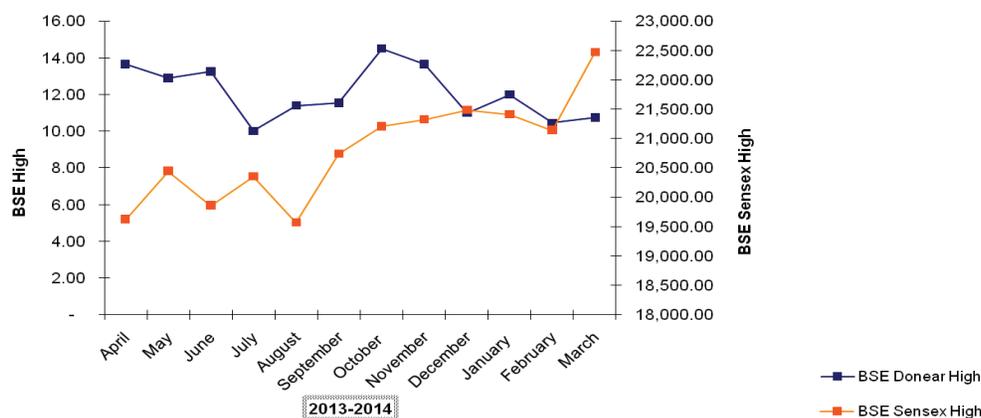
Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialization of the shares of the Company and for conducting a Secretarial Audit on a quarterly basis for reconciliation of the Share Capital of the Company. Members holding shares in Demat mode should address all their correspondence to their respective Depository Participant.

## 13. Stock performance vs BSE Sensex and NSE:

### a) Market Price Data during the year ended 31.03.2014

Month	BSE		BSE Sensex (High)	NSE	
	High	Low		High	Low
Apr-2013	13.65	9.42	19622.68	13.75	10.50
May-2013	12.89	9.60	20443.62	11.00	10.00
June-2013	13.25	9.60	19860.19	11.00	10.05
July-2013	10.02	9.08	20351.06	11.95	10.90
Aug-2013	11.40	9.22	19569.20	10.85	10.35
Sept-2013	11.55	10.06	20739.69	10.85	9.70
Oct-2013	14.50	10.41	21205.44	12.80	9.90
Nov-2013	13.66	10.50	21321.53	13.40	12.05
Dec-2013	11.00	8.09	21483.74	12.65	8.95
Jan-2014	12.00	9.69	21409.66	10.80	9.55
Feb-2014	10.45	9.10	21140.51	10.90	9.00
Mar-2014	10.75	8.99	22467.21	10.75	8.65



## 14. Shareholding Pattern as on 31-03-2014

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
	(a) Individuals/ Hindu Undivided Family	12	30744198	59.12
	(b) Bodies Corporate	6	8254000	15.87
	Sub Total (A)(1)	18	38998198	75.00
(2)	Foreign			
	(a) Directors & their relatives	Nil	Nil	Nil
	Sub Total (A)(2)	Nil	Nil	Nil
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)	18	38998198	75.00
(B)	Public shareholding			
(1)	Foreign Institutions investors	5	8004576	15.39
	(a) Mutual Fund	1	146518	0.28
	Sub-Total (B)(1)	6	8151094	15.68
(2)	Non-institutions			
	(a) Bodies Corporate	122	303731	0.58
	(b) Individuals			
	(i) Individual shareholders holding nominal share capital up to Rs 1 lakh	4640	3022340	5.81
	(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	13	1406405	2.70
	(c) Any Other (specify)			
	(i) Clearing Members	Nil	Nil	Nil
	(ii) Trusts	Nil	Nil	Nil
	(iii) Escrow Account	Nil	Nil	Nil
	(iv) Non Resident Indians (Repat)	34	23594	0.05
	(v) Non Resident Indians (Non-Repat)	9	3495	0.01
	(vi) Clearing Members	44	91143	0.18
	(vii) Hindu Undivided Family	Nil	Nil	Nil
	Sub-Total (B)(2)	4862	4850708	9.33
	Total Public Shareholding (B)= (B)(1)+(B)(2)	4868	13001802	25.00
	TOTAL (A)+(B)	4886	52000000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	51933919	99.87

## 15. Distribution of Shareholding as on 31-03-2014:

No. of equity shares held	No. of shareholders	% of shareholder	Total no. of shares held	% of shares held
1 - 500	3839	78.5714	579046	1.1136
501 - 1000	441	9.0258	370722	0.7129
1001 - 2000	263	5.3827	415598	0.7992
2001 - 3000	97	1.9853	248518	0.4779
3001 - 4000	39	0.7982	138560	0.2665
4001 - 5000	49	1.0029	231736	0.4456
5001 - 10000	74	1.5145	528137	1.0156
10001 and above	84	1.7192	49487683	95.1686
Total	4886	100.00	52000000	100.0000

#### 16. Transfer of unclaimed Dividend in to the Investors Education and Protection Fund

As provided in Section 205C(2) of the Companies Act, 1956, dividend amount which was due and payable and remained unclaimed and unpaid for a period of seven years has to be transferred to Investor Education & Protection Fund (IEPF) established by the Central Government .

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

Financial Year	Date of Declaration	Due for Transfer to IEPF
2006-07	14/09/2007	14/10/2014
2007-08	27/09/2008	27/10/2015
2008-09	26/09/2009	26/10/2016
2009-10	25/09/2010	25/10/2017
2010-11	24/09/2011	24/10/2018
2011-12	22/09/2012	22/10/2019
2012-13	28/09/2013	28/10/2020

#### Dematerialization of shares:

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

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

	No. of shares	% of total capital
Held in dematerialized form in NSDL	41089528	78.98
Held in dematerialized form in CDSL	10844391	20.89
Physical	66081	0.13
Total	52000000	100.00

#### 17. Reconciliation of Share Capital Audit (earlier known as Secretarial Audit):

A qualified practicing Company Secretary has carried out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

#### 18. Registered Office and Address for Correspondence:

210, Key Tuo Industrial Estate, Kondivita Lane, Andheri (East), Mumbai – 400 059.

Works:

Balaji Fabrics	Balaji Textiles	Laxmi Fab.	Balaji Industries	Umbergaon Unit
Revenue Block No. 194 & 195 Kadodara Bardoli Road, Village Jolwa, Taluka Palsana, Dist Surat, Gujarat.	Dockmandi, Village Amla, Silvassa, Dadra & Nagar Haveli.	Government Industrial Estate, Masat, Silvassa, Dadra & Nagar Haveli.	Dockmandi, Village Amla, Silvassa, Dadra & Nagar Haveli.	G.I.D.C. Umbergaon, Dist. Valsad (Gujarat).

#### 19. Non-mandatory requirements:

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

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

##### 2 Shareholder Right – The Company has not sent half yearly financial performance including summary of the significant events to each household of the shareholders, since the results were published in 2 news papers, one in Vernacular and one in English newspaper.

##### 3 Audit Qualifications – During the year under review, there was no audit qualification in the Company's financial statements except internal audit system in the Company which the management is planning to appoint a firm of Chartered Accountants as Internal Auditors. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

##### 4 Training of Board Members – The Board consists of eminent, qualified and well experienced Directors in various fields. Therefore, the training of Board members is not required.

## DECLARATION

### Certification for Compliance with Code of Conduct:

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct and Ethics during the financial year ended March 31, 2014.

For Donear Industries Limited

Place: Mumbai  
Date: 30/05/2014

Rajendra V Agarwal  
Managing Director

### Certification by Chief Executive Officer:

As the Managing Director and the Chief Executive Officer of the Company and as required by the clause 49 of the Listing Agreement, I hereby certify that:

- A. I have reviewed financial statement and the cash flow statement for the year and that to the best of my knowledge, information and belief:
1. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
  2. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulation.
- B. These are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. The Company's other officers and myself are responsible for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify those deficiencies.
- D. I have indicated to the auditors and the Audit Committee that:
1. No significant changes in internal control have taken place during the year.
  2. There have been no changes in the accounting policies during the year.
  3. There were no frauds during the year.

For Donear Industries Limited

Place: Mumbai  
Date: 30/05/2014

Rajendra V Agarwal  
Managing Director

The above report has been adopted by the Board of Directors at its meeting held on 30th May, 2014.

For Donear Industries Limited

Place: Mumbai  
Date: 30/05/2014

Rajendra V Agarwal  
Managing Director

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

To the Members of DONEAR INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by DONEAR INDUSTRIES LIMITED, for the year ended on 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For M. L. Bhuwania & Co.  
Chartered Accountants  
Firm Registration No. 101484W

Ashish Bairagra  
Partner  
Membership No.109931

Place: Mumbai  
Date : 30th May, 2014

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF DONEAR INDUSTRIES LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of DONEAR INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

#### **Emphasis of Matter**

1. We draw attention to Note No. 14.1 of the Financial Statement which states about trade receivables of Rs. 2,34,61,457/- which are overdue but no provision for doubtful debts has been made in the accounts as the Management is hopeful of recovery. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account by law have been kept by the Company so far as appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
  - e. On the basis of the written representations received from the Directors as on March 31, 2014, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For and on behalf of

**M. L. BHUWANIA & CO.**

Chartered Accountants

Firm Registration No. 101484W

ASHISH BAIRAGRA

Partner

Membership No. 109931

Place: Mumbai

Date: 30th May, 2014

**ANNEXURE REFERRED TO IN PARAGRAPH TITLED AS “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS” OF AUDITOR’S REPORT TO THE MEMBERS OF DONEAR INDUSTRIES LIMITED FOR THE YEAR ENDED 31ST MARCH 2014.**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and discrepancies noticed between the book records and the physical verification were not material and has been properly dealt with in the accounts.
- (c) In our opinion and according to the information and explanation given to us, there was no substantial disposal of fixed assets during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) During the year, the Company has not granted unsecured loan to the Companies covered in register maintained under Section 301 of the Companies Act, 1956. Accordingly clause 4(iii) (a) to (d) of the order is not applicable to the company.
- (b) During the year, the Company has taken interest bearing loan from parties covered in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company. The Company is regular in repayment of the loan and the interest thereon. The details of loan transactions are as under:

No. of parties	Total amount of loan taken	Maximum balance outstanding during the year.	Amount outstanding at the end of the year.
10	332,930,000	481,413,612	398,950,269

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) According to the information and explanation given to us, we are of the opinion that during the year, the particulars of the contracts/arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding value of Rupees Five Lacs in respect of any party during the year, except transactions of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, in our opinion ,have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
- (vi) The Company has accepted deposits from the public during the year covered by the audit. In our opinion, the company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board, National Company Law Tribunal, Reserve Bank of India or any other court or Tribunal.
- (vii) *The Company does not have any formal internal audit system.*
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products manufactured by the Company and are of the opinion that prima facie, the prescribed accounts and records have been prepared and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(ix) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty, Cess and other Statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were outstanding at the year end for a period of more than six months from the date they became payable.

According to the records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty and Cess, which have not been deposited on account of any dispute.

- (x) The Company does not have accumulated losses at the end of the financial year March 31, 2014. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2014 and in the immediately preceding financial year ended March 31, 2013.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to banks during the year. The Company has not taken any loans from financial institutions and has not issued debentures during the year.
- (xii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by the others from banks or financial institutions. Accordingly, clause 4(xv) of the order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanation given to us, term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to 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 investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2014.

For and on behalf of  
M. L. BHUWANIA & CO.  
Chartered Accountants  
Firm Registration No. 101484W

ASHISH BAIRAGRA  
Partner  
Membership No. 109931

Place: Mumbai  
Date: 30th May, 2014

# DONEAR INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2014

(Amount in Rupees)

Particulars	Note No.	As at 31.03.2014		As at 31.03.2013	
<b>I. EQUITY AND LIABILITIES</b>					
(1) Shareholder's fund					
(a) Share Capital	1	10,40,00,000		10,40,00,000	
(b) Reserves and Surplus	2	55,42,88,230	65,82,88,230	52,91,95,521	63,31,95,521
(2) Non-current liabilities					
(a) Long Term Borrowings	3	46,63,10,647		69,74,10,648	
(b) Other Long Term Liabilities	4	14,59,69,725	61,22,80,372	14,13,18,987	83,87,29,635
(3) Current liabilities					
(a) Short Term Borrowings	5	2,45,28,95,584		2,12,20,97,872	
(b) Trade Payables	6	30,57,65,732		24,34,34,753	
(c) Other Current Liabilities	7	26,69,73,344		24,13,35,015	
(d) Short Term Provisions	8	2,33,08,521	3,04,89,43,181	1,97,72,608	2,62,66,40,248
	<b>TOTAL</b>		<b>4,31,95,11,783</b>		<b>4,09,85,65,404</b>
<b>II. ASSETS</b>					
(1) Non - current assets					
(a) Fixed Assets	9				
(i) Tangible Assets		1,093,519,036		1,032,214,662	
(ii) Intangible Assets		6,405,627		5,622,876	
(iii) Capital Work-in-progress		95,445,837		227,213,820	
(iv) Intangible Assets under development				170,965	
		1,195,370,500		1,265,222,323	
(b) Non-current Investment	10	9,840,000		9,840,000	
(c) Deferred Tax Assets	11	100,066,839		88,183,105	
(d) Long Term Loans and Advances	12	82,810,260	1,388,087,599	89,887,543	1,453,132,971
(2) Current assets					
(a) Current Investment					
(a) Inventories	13	1,679,388,948		1,486,278,288	
(b) Trade Receivables	14	1,039,127,013		916,442,265	
(c) Cash and Bank Balances	15	54,765,869		44,267,690	
(d) Short Term Loans and Advances	16	57,524,902		66,272,186	
(e) Other Current Assets	17	100,617,452	2,931,424,184	132,172,004	2,645,432,433
	<b>TOTAL</b>		<b>4,319,511,783</b>		<b>4,098,565,404</b>

Contingent Liabilities and Commitments      18

Notes to Accounts                                      1 to 40

The notes referred above form an integral part of the financial statements.

As per our report of attached even date

**FOR M. L. BHUWANIA & CO.**

CHARTERED ACCOUNTANTS

Firm Registration Number: 101484W

For DONEAR INDUSTRIES LIMITED

ASHISH BAIRAGRA  
Partner  
Membership No.109931

Vishwanath L. Agarwal  
Chairman

Rajendra V. Agarwal  
Managing Director

Place : Mumbai  
Date : 30th May, 2014.

Sreedhar H.  
Company secretary

Ajay V. Agarwal  
Whole time Director

# DONEAR INDUSTRIES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in Rupees)

Particulars	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
Revenue from operations	19	4,723,790,571	4,008,576,904
Other income	20	56,712,039	79,925,031
<b>TOTAL REVENUE</b>		<b>4,780,502,610</b>	<b>4,088,501,935</b>
Cost of Materials Consumed	21	2,051,870,380	1,782,005,762
Purchases of Stock-in-Trade	22	516,123,312	240,857,000
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(181,054,114)	(63,432,268)
Employees benefits expense	24	447,390,702	392,293,108
Finance costs	25	295,661,066	278,034,351
Depreciation and Amortisation expense	9	218,065,110	231,093,616
Other expenses	26	1,404,167,073	1,231,464,126
<b>TOTAL EXPENSES</b>		<b>4,752,223,529</b>	<b>4,092,315,695</b>
Profit before exceptional and extraordinary items and tax		28,279,081	(3,813,760)
Exceptional items		---	---
Profit before extraordinary items and tax		28,279,081	(3,813,760)
Extraordinary items		---	---
<b>Profit before tax</b>		<b>28,279,081</b>	<b>(3,813,760)</b>
Less: Tax Expenses			
Current tax		6,086,000	428,000
Deferred tax		(11,883,734)	(10,121,588)
MAT credit entitlement		(3,752,000)	(428,000)
Income Tax for earlier years		568,626	272,852
<b>Profit for the period</b>		<b>37,260,189</b>	<b>6,034,976</b>
Earning per equity share :	27		
(1) Basic Earning Per Share		0.72	0.12
(2) Diluted Earning Per Share		0.72	0.12
(3) Face Value Per Share		2.00	2.00

Notes to Accounts

1 to 40

The notes referred above form an integral part of the financial statements.

As per our report of attached even date

**FOR M. L. BHUWANIA & CO.**

CHARTERED ACCOUNTANTS

Firm Registration Number: 101484W

For DONEAR INDUSTRIES LIMITED

ASHISH BAIRAGRA  
Partner  
Membership No.109931

Vishwanath L. Agarwal  
Chairman

Rajendra V. Agarwal  
Managing Director

Place : Mumbai  
Date : 30th May, 2014.

Sreedhar H.  
Company secretary

Ajay V. Agarwal  
Whole time Director

# DONEAR INDUSTRIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in Rupees)

Particulars	Note No.	2013-2014		2012-2013	
<b>I CASH FLOW FROM OPERATING ACTIVITIES</b>					
Net Profit before tax as per Statement of Profit & Loss			28,279,081		(3,813,760)
Adjustment for :					
(a) Depreciation		218,065,110		231,093,616	
(b) Interest Expenses		286,978,550		261,193,827	
(c) Interest Received		(8,600,759)		(1,176,531)	
(d) (Profit) / Loss on sale of fixed assets		(4,013,512)		(13,813,469)	
(e) Fixed Assets Written Off		---		299,093	
(f) Provision no longer required		(1,853,267)		(912,847)	
(g) Unrealised Foreign Exchange rate difference(net)		2,638,733		(419,473)	
(h) Sundry Balances written off / (back)		(7,194,732)	486,020,123	(1,235,129)	475,029,087
Operating Profit Before Working Capital Changes			514,299,204		471,215,327
Adjustment for :					
(a) Trade and Other Receivables		(101,660,803)		(148,260,030)	
(b) Inventories		(193,110,658)		(181,947,057)	
(c) Trade and Other Payables		90,336,366	(204,435,095)	45,112,688	(285,094,399)
Cash Generated From Operations			309,864,109		186,120,928
(a) Direct Tax Paid			(2,645,748)		(4,143,402)
Net Cash from/(used) Operating Activities	Total (I)		307,218,361		181,977,526
<b>II CASH FLOW FROM INVESTING ACTIVITIES</b>					
Purchase of Fixed Assets (including Advance for Capital Goods)		(148,997,685)		(174,267,637)	
Sale of Investments		---		110,000	
Sale of Fixed Assets		6,112,222		14,696,334	
Interest received		8,001,820		1,376,327	
Net Cash from/(used) Investing Activities	Total (II)		(134,883,643)		(158,084,976)
<b>III CASH FLOW FROM FINANCING ACTIVITIES</b>					
Repayment of Borrowings		(1,961,037,612)		(1,958,714,135)	
Proceeds of Borrowings		2,066,975,392		2,211,149,913	
Interest Paid		(255,957,069)		(268,360,242)	
Dividend Paid (Including dividend distribution tax)		(12,291,536)		(12,094,364)	
Net Cash from/(used) Financing Activities	Total (III)		(162,310,825)		(28,018,828)
Net Increase/(decrease) in Cash and Cash Equivalents (I+II+III)	Total		10,023,893		(4,126,278)
OPENING BALANCE OF CASH AND CASH EQUIVALENTS			27,983,380		32,109,658
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS			38,007,273		27,983,380
Total		10,023,893		(4,126,278)	
Notes : (1) Cash and cash equivalents include: (Refer Note No 15)					
(a) Cash in hand		1,328,087		2,199,778	
(b) Cheque in Hand		28,332,600		20,597,855	
(c) Balance with Scheduled Banks in Current Accounts		8,369,067		5,192,392	
Unrealised translation gain/(loss)			38,029,754		27,990,025
			(22,481)		(6,645)
Total			38,007,273		27,983,380

(2) Interest received on delayed payments from Customers Rs.20,824,685 (Previous Year Rs.40,301,220) has been considered as cash flow from Operating Activities.

(3) Previous year figures have been regrouped/restated wherever considered necessary to make them comparable with those of the current year.

As per our report of attached even date

**FOR M. L. BHUWANIA & CO.**  
 CHARTERED ACCOUNTANTS  
 Firm Registration Number: 101484W

For DONEAR INDUSTRIES LIMITED

 ASHISH BAIRAGRA  
 Partner  
 Membership No.109931

 Vishwanath L. Agarwal  
 Chairman

 Rajendra V. Agarwal  
 Managing Director

 Place : Mumbai  
 Date : 30th May, 2014.

 Sreedhar H.  
 Company secretary

 Ajay V. Agarwal  
 Whole time Director

# DONEAR INDUSTRIES LIMITED

## NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014

### 1. SHARE CAPITAL

(Amount in Rupees)

Particulars	As at 31.03.2014	As at 31.03.2013
(a) Authorised Shares 160,000,000 Equity Shares, Rs.2 par value (Previous Year 100,000,000, Rs.2 par value)	320,000,000	200,000,000
(b) Issued, Subscribed and Fully Paid Up Shares 52,000,000 Equity Shares, Rs.2 par value (Previous Year 52,000,000, Rs.2 par value)	104,000,000	104,000,000
Total	104,000,000	104,000,000

Note No 1.1: The reconciliation of the number of shares outstanding at the beginning and at the end of reporting period 31-03-2014 :

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of shares	Value (in Rs.)	No. of shares	Value (in Rs.)
(a) Number of shares at the beginning	52,000,000	104,000,000	52,000,000	104,000,000
(b) Add : Shares issued during the year	-	-	-	-
(c) Less : Shares bought back (if any)	-	-	-	-
(d) Number of shares at the end	52,000,000	104,000,000	52,000,000	104,000,000

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

(a) The company has only one class of equity shares having a par value of Rs. 2. Each holder of equity shares is entitled to one vote per share. There is no interim dividend proposed by the Board of Directors.

(b) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. of shares held	% of shares held	No. of shares held	% of shares held
1. Rahul R. Agarwal	4,596,000	8.84%	4,596,000	8.84%
2. Merrill Lynch Capital Markets ESPANA S. A. S.V.	3,965,000	7.63%	3,965,000	7.63%
3. Rajendra Agarwal	3,846,000	7.40%	3,846,000	7.40%
4. Ajay Agarwal	3,729,500	7.17%	3,729,500	7.17%
5. Neena Agarwal	2,917,750	5.61%	2,917,750	5.61%
6. Surya A. Agarwal	3,640,750	7.00%	3,640,750	7.00%
7. Bhavardevi Agarwal	2,768,000	5.32%	2,768,000	5.32%
Total	25,463,000	48.97%	25,463,000	48.97%

### 2 RESERVES & SURPLUS

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(a) General Reserve At the beginning and at the end of the year		353,160,352		353,160,352
(b) Surplus				
Opening Balance - Surplus	176,035,169		182,167,673	
Add : Net Profit transferred from Statement of Profit and Loss	37,260,189		6,034,976	
Amount available for appropriation	213,295,358		188,202,649	
Less : Appropriations				
Proposed Dividend (Refer Note No. 2.1)	10,400,000		10,400,000	
Dividend Distribution Tax	1,767,480		1,767,480	
Amount Transferred to General Reserve	-		-	
Total Appropriations	12,167,480		12,167,480	
Closing Balance - Surplus		201,127,878		176,035,169
Total of Reserve & Surplus		554,288,230		529,195,521

Note No. 2.1 :

The amount of per share dividend of Rs.0.20 (Previous Year Rs.0.20) has been proposed to be distributed to equity shareholders for the year ended 31.03.2014. The total amount of dividend shall be Rs.12,167,480 (including dividend distribution tax Rs.1,767,480), (Previous Year Rs.12,167,480 including dividend distribution tax Rs.1,767,480).

**3 LONG TERM BORROWINGS**

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
Secured Loans				
Term Loans - From Bank				
Indian Rupee (Refer Note No 3.1, 3.2)	655,104,662		879,964,594	
Less : Current Maturities of Long Term Debts (Refer Note No. 7)	188,794,015	466,310,647	182,553,946	697,410,648
<b>Total</b>		<b>466,310,647</b>		<b>697,410,648</b>

**Note No 3.1: Nature of Securities**

Sr. No.	Bank	Facility	Primary	Collateral	Guarantee
1	State Bank of Hyderabad	Term Loan	First charged on the fixed assets created out of loan and the existing fixed assets also	Second charge on the current assets of the company	Personal Guarantee of Promoter Directors Shri. Vishwanath L. Agarwal, Chairman, Shri. Rajendra Agarwal, Managing Director
2	Dena Bank	Term Loan	First charge on pari passu basis over all Fixed Assets of the company, both present and future, including but not limited to Fixed Assets pertaining to capital expansion project of the Company at Kadodara, Gujarat, Except Land and Building at Plot No. - A/49 and A/50, Marol MIDC, Andheri (E), Mumbai and Land measuring 3200M at Surat given to 4 subsidiaries of Promoters	Second and subservient charge on the Current Assets of the Company on pari passu basis	Personal Guarantee of Shri. Promoter Directors Vishwanath L. Agarwal, Chairman, Shri. Rajendra Agarwal, Managing Director
3	State Bank of India	Term Loan	First mortgage charge on company's entire fixed assets except Land & Building at Andheri on pari passu basis with other term lenders	Second charge on company's Current assets	Personal Guarantee of Shri.Promoter Directors Vishwanath L. Agarwal, Chairman, Shri. Rajendra Agarwal, Managing Director
4	State Bank of Indore	Term Loan	First pari passu charge with the existing lenders over all fixed assets of the company (Excluding Land and Building of Corporate House at MIDC Andheri) (Six months after the date of first disbursement is provided for create of security)		Personal Guarantee of Shri.Promoter Directors Vishwanath L. Agarwal, Chairman, Shri. Rajendra Agarwal, Managing Director

**Note No 3.2: Terms of Repayment**

Sr.No.	Term Loan taken from (Bank's Name)	Loan taken in the year	Loan installment started/ starting from	Interest Rate (In %)	Total No of installments (Quarterly)
1	State Bank of Hyderabad	2006-2007	Sep'08	12	30
2	Dena Bank	2006-2007	Sep'08	13.25	30
3	State Bank of India	2006-2007	Sep'08	14.85 - 15.15	29
4	State Bank of India (Formerly known as State Bank of Indore)	2007-2008	Apr'09	14.85 - 15.15	32
5	State Bank of Hyderabad	2003-2004	Apr'06	13	28
6	State Bank of Hyderabad	2011-2012	Mar'13	13.20 - 13.70	32

**4 OTHER LONG TERM LIABILITIES**

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
Others Deposits		145,969,725		141,318,987
<b>Total</b>		<b>145,969,725</b>		<b>141,318,987</b>

**5 SHORT TERM BORROWINGS**

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
Secured Loans (Refer Note No 5.1)				
(a) Loans repayable on demand				
From Banks				
Working Capital Loans		931,755,600		938,795,447
(b) Other loans and advances				
From Banks				
Cash Credit	1,064,112,327		815,268,161	
Export Packing Credit	58,077,388	1,122,189,715	34,935,752	850,203,913
Unsecured Loans				
(a) Loans and Advances from Related Party				
From Directors	283,555,000		279,895,000	
From Other Body Corporates	115,395,269	398,950,269	53,203,512	333,098,512
<b>Total</b>		<b>2,452,895,584</b>		<b>2,122,097,872</b>

## Note No 5.1: Nature of Securities

Sr. No.	Bank	Facility	Primary	Collateral	Guarantee
1	State Bank of Hyderabad	Working Capital Limits (CC/WCDL/EPC/FUBD/ FBP/LC/BG)	First pari passu charge on the current assets of the company, both present & future	Second pari passu charge on fixed assets of the company excluding land and building situated at Andheri (E)	Personal Guarantee of Promoter Directors Shri. Vishwanath L. Agarwal, Chairman, Shri. Rajendra Agarwal, Managing Director
2	Dena Bank	Working Capital Limits (CC/WCDL/EPC/FUBD/ FBP/LC/BG)	First charge on the current assets of the company ranking pari passu with consortium banks	Second pari passu charge on fixed assets of the company (present & future) Except Land and Building at Plot No. - A/49 and A/50, Marol MIDC, Andheri (East), Mumbai and Land measuring 3200M at Surat given to 4 subsidiaries of Promoters	Personal Guarantee of Promoter Directors Shri. Vishwanath L. Agarwal, Chairman, Shri. Rajendra Agarwal, Managing Director

## 6 Trade Payables

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(a) Sundry Creditors for Goods (Refer Note No 6.1)		127,921,167		105,600,690
(b) Sundry Creditors for Expenses (Refer Note No 6.1)		177,844,565		137,834,063
Total		305,765,732		243,434,753

## Note No 6.1:

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

## 7 Other Current Liabilities

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(a) Current maturities of long-term debts [Refer Note No. 3]		188,794,015		182,553,946
(b) Interest Accrued but not due on borrowings		12,722,222		4,421,500
(c) Unpaid Dividend		402,413		526,469
(d) Other Payable				
Sundry Creditors for Capital Goods	10,419,291		11,139,301	
Advance from Customers	42,589,220		31,321,795	
Temporary Bank Overdraft	554,876		273,484	
Deposits	342,306		47,732	
Statutory Liabilities	11,149,001	65,054,694	11,050,788	53,833,100
Total		266,973,344		241,335,015

## 8 SHORT TERM PROVISIONS

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(a) Provision for Employee Benefits				
Leave Encashment		10,024,259		7,389,018
(b) Other				
Provision for Income Taxation [Net of Advance Tax]		1,116,782		216,110
Provision for Proposed Dividend (Refer Note No. 2.1)		10,400,000		10,400,000
Provision for Dividend Distribution Tax		1,767,480		1,767,480
Total		23,308,521		19,772,608

**9. FIXED ASSETS**

Sr. No.	Particulars of Assets	GROSS BLOCK (At Cost)			DEPRECIATION/AMORTISATION			NET BLOCK		
		As at 01.04.2013	Additions during the year	Deduction / Adjustment during the Year	As at 31.03.2014	For the Year	Deduction / Adjustment during the year	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>(i) TANGIBLE ASSETS</b>										
1.	Freehold Land	6,83,34,379	-	-	6,83,34,379	-	-	-	6,83,34,379	6,83,34,379
2.	Factory Building	56,55,81,194	19,86,509	-	56,75,67,703	3,45,77,972	-	25,43,57,591	31,32,10,112	34,58,01,575
3.	Office Premises	8,75,481	21,94,58,582	-	22,03,34,063	54,32,483	-	58,84,466	21,44,49,597	4,23,498
4.	Residential Building	38,05,526	-	-	38,05,526	1,36,795	-	12,06,407	25,99,119	27,35,914
5.	Plant & Machinery	1,88,36,93,498	1,70,65,786	1,40,54,563	1,88,67,04,721	15,57,89,949	1,36,84,283	1,47,34,84,427	41,32,20,294	55,23,14,737
6.	Electrical Installation	2,73,58,923	72,58,214	-	3,46,17,137	21,45,689	-	1,76,35,450	1,69,81,687	1,18,69,162
7.	Furniture & Fixtures	5,01,50,832	78,92,200	-	5,80,43,032	63,78,621	-	3,70,46,828	2,09,96,204	1,94,82,625
8.	Computer	4,60,73,005	39,01,044	-	4,99,74,049	47,09,218	-	4,12,48,311	87,25,738	95,33,912
9.	Vehicle	3,23,14,702	37,68,325	36,78,697	3,24,04,330	34,40,371	19,50,267	2,05,91,368	1,18,12,962	1,32,13,438
10.	Air Conditioner	88,54,364	27,14,052	-	1,15,68,416	5,92,802	-	56,62,200	59,06,216	37,84,966
11.	Office Equipment	92,32,538	1,45,85,790	-	2,38,18,328	20,23,518	-	65,35,600	1,72,82,728	47,20,456
Total Tangible Assets		2,69,62,74,442	27,86,30,502	1,77,33,260	2,95,71,71,684	21,52,27,418	1,56,34,550	1,86,36,52,648	1,09,35,19,036	1,03,22,14,662
<b>(ii) INTANGIBLE ASSETS</b>										
1.	Computer Software	1,36,87,214	36,20,444	-	1,73,07,658	28,37,693	-	1,09,02,031	64,05,627	56,22,876
Total Intangible Assets		1,36,87,214	36,20,444	-	1,73,07,658	28,37,693	-	1,09,02,031	64,05,627	56,22,876
Total Current Year		2,70,99,61,656	28,22,50,946	1,77,33,260	2,97,44,79,342	21,80,65,111	1,56,34,550	1,87,45,54,679	1,09,99,24,663	1,03,78,37,538
Total Previous Year		2,59,99,25,215	13,13,56,358	2,13,19,917	2,70,99,61,656	23,10,93,616	2,01,37,959	1,67,21,24,118	1,03,78,37,538	-
<b>(iii) CAPITAL WORK-IN-PROGRESS</b>										
1.	Factory Building	1,12,360	27,35,668	19,86,509	8,61,519	-	-	-	8,61,519	1,12,360
2.	Office Premises	21,15,54,390	8,76,14,716	23,49,69,433	6,41,99,673	-	-	-	6,41,99,673	21,15,54,390
3.	Plant & Machinery	1,20,95,668	1,62,52,819	1,69,35,286	1,14,13,201	-	-	-	1,14,13,201	1,20,95,668
4.	Electrical Installation	-	1,55,67,817	47,775	1,55,20,042	-	-	-	1,55,20,042	-
5.	Furniture & Fixtures	-	17,47,382	17,47,382	-	-	-	-	-	-
6.	Air Conditioner	-	20,64,233	20,64,233	-	-	-	-	-	-
7.	Office Equipment	34,51,402	11,78,638	11,78,638	34,51,402	-	-	-	34,51,402	34,51,402
Total Capital Work-In-Progress		22,72,13,820	12,71,61,273	25,89,29,256	9,54,45,837	-	-	-	9,54,45,837	22,72,13,820
<b>(iv) INTANGIBLE ASSETS UNDER DEVELOPMENT</b>										
1.	Computer Software	1,70,965	-	1,70,965	-	-	-	-	-	1,70,965
Total Intangible Assets under development		1,70,965	-	1,70,965	-	-	-	-	-	1,70,965

## 10 NON CURRENT INVESTMENT

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
Unquoted (At Cost)				
<u>Trade Investments</u>				
Equity Instruments				
72,000 (Previous Year 72,000) Equity Shares of Palsana Enviro Protection Ltd., Rs.100 par Value fully paid up		9,840,000		9,840,000
Total		9,840,000		9,840,000

## 11 DEFERRED TAX ASSETS

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
On account of				
(i) Difference in Depreciation as per books and as per Income Tax Act, 1961		82,822,409		73,044,761
(ii) Allowances for Doubtful Debts / Advances		9,233,671		8,539,698
(iii) Expenses allowable under Income Tax on payment basis		8,010,759		6,598,646
Deferred Tax Assets		100,066,839		88,183,105

## 12 LONG TERM LOANS &amp; ADVANCES

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(Unsecured, considered good, unless otherwise stated)				
(a) Capital Advances				
(i) Considered Good	15,596,974		17,743,550	
(ii) Considered Doubtful	584,972		584,972	
	16,181,946		18,328,522	
Less : Allowance for bad and doubtful advances	584,972	15,596,974	584,972	17,743,550
(b) Security Deposits				
(i) Considered Good	19,225,929		20,384,990	
(ii) Considered Doubtful	307,344		159,780	
	19,533,273		20,544,770	
Less : Allowance for bad and doubtful advances	307,344	19,225,929	159,780	20,384,990
(c) Other loans and advances				
(i) Advance recoverable in cash or in kind or for value to be received	734,662		31,698	
(ii) Advance Tax [Net of provision for tax]	5,501,292		12,878,434	
(iii) MAT Credit Entitlement	40,355,066		36,602,661	
(iv) Loan to Staff	1,396,337	47,987,357	2,246,210	51,759,003
Total		82,810,260		89,887,543

## 13 INVENTORIES

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(a) Raw Material		340,429,000		311,867,902
(b) Semi Finished Goods		230,676,025		132,170,123
(c) Finished Goods		811,067,604		748,454,934
(d) Traded Finished Goods		190,201,782		170,266,240
(e) Stores & Tools		49,199,307		62,642,106
(f) Packing Material		57,815,230		60,876,983
Total		1,679,388,948		1,486,278,288

**14 Trade Receivables**

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(Unsecured)				
(a) Outstanding for a period exceeding six months from the date they are due for payment (Refer Note No. 14.1)				
(i) Considered Good	38,160,894		83,186,780	
(ii) Considered Doubtful	25,044,940		21,044,771	
	63,205,834		104,231,551	
Less : Allowance for bad and doubtful debts	25,044,940	38,160,894	21,044,771	83,186,780
(b) Other than above (Considered Good)				
(i) Considered Good	1,000,966,119		833,255,485	
(ii) Considered Doubtful	-		521,501	
	1,000,966,119		833,776,986	
Less : Allowance for bad and doubtful debts	-	1,000,966,119	521,501	833,255,485
<b>Total</b>		<b>1,039,127,013</b>		<b>916,442,265</b>

Note No. 14.1 Balance of Debtors includes Rs.23,461,457 (Previous Year Rs. 24,567,007) which are overdue but no provision has been made in the accounts as Management is hopeful of recovery.

**15 Cash And Bank Balances**

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(a) Cash & Cash Equivalents				
(i) Balance with banks - In Current Account	8,357,207		5,192,392	
(ii) Cheques, Drafts in Hand	28,332,600		20,597,855	
(iii) Cash In Hand	1,317,466	38,007,273	2,193,133	27,983,380
(iv) In Margin Money Deposits due within 90 days (Refer Note No 15.2)	-		-	
(b) Other Balance with banks				
In Unpaid Dividend Account (Refer Note No 15.1)	402,413		526,469	
In Margin Money Deposits due within one year (Refer Note No 15.2)	13,380,146		8,781,780	
In Margin Money Deposits due after one year (Refer Note No 15.2)	2,976,037	16,758,596	6,976,061	16,284,310
<b>Total</b>		<b>54,765,869</b>		<b>44,267,690</b>

Note No 15.1 The Company can utilise these balances towards settlement of unpaid dividend only

Note No 15.2 Margin money deposits amounting to Rs. 16,356,183 (Previous Year Rs.15,757,841) are lying with bank against Bank Guarantees and Letter of Credit.

**16 Short Term Loans & Advances**

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(Unsecured, considered good, unless otherwise stated)				
Other loans and advances				
(a) Deposits		43,500		18,500
(b) Advance recoverable in cash or in kind or for value to be received		6,181,248		6,495,448
(c) Advance Tax [Net of provision for tax]		24,869,330		20,600,799
(d) Balance with Central Excise		1,072,102		1,126,217
(e) Loans to Staff				
(i) Considered Good	6,478,358		8,882,129	
(ii) Considered Doubtful	162,566		492,468	
	6,640,924		9,374,597	
Less : Allowance for bad and doubtful advances	162,566	6,478,358	492,468	8,882,129
(f) Trade Advances				
(i) Considered Good	18,880,363		29,149,092	
(ii) Considered Doubtful	2,359,635		3,517,044	
	21,239,998		32,666,137	
Less : Allowance for bad and doubtful advances	2,359,635	18,880,363	3,517,044	29,149,092
<b>Total</b>		<b>57,524,902</b>		<b>66,272,186</b>

## 17 Other Current Assets

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(a) Export Incentive Receivable		56,290,036		51,734,212
(b) Interest Receivable		34,667,763		61,159,250
(c) Sales Tax Refund Receivable		3,292,728		3,851,935
(d) Others		6,366,925		15,426,607
<b>Total</b>		<b>100,617,452</b>		<b>132,172,004</b>

## 18 Contingent Liabilities And Commitments

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2013	
(a) Contingent Liability not provided for in respect of				
(i) Claims against the Company not acknowledged as debt		495,502		495,502
(ii) Other money for which the company is contingently liable :				
Disputed Income Tax Liability	788,770		21,430,343	
Disputed Sales Tax Liability	130,639		130,639	
Bonds executed under EPCG Schemes to Customs Authorities	132,966,418	133,885,827	193,011,996	214,572,978
(b) Commitments not provided for in respect of				
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances)		32,609,318		91,276,999
<b>Total</b>		<b>166,990,647</b>		<b>306,345,479</b>

## 19 Revenue From Operations

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
(a) Sale of Products (Refer Note No 19.1)		4,447,666,247		3,801,950,275
(b) Sale of Services (Refer Note No 19.2)		225,164,961		164,367,703
(c) Other Operating Revenue				
Sale of Scrap	13,961,232		11,276,126	
Export Incentives	36,998,131	50,959,363	30,982,800	42,258,926
<b>Total</b>		<b>4,723,790,571</b>		<b>4,008,576,904</b>

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
Note No 19.1: Sale of products				
(a) Sales of Fabrics (Local)	3,608,974,229		3,120,366,435	
(b) Sales of Fabrics (Export)	437,524,212		292,118,155	
(c) Sales of Yarn (Local)	118,205,712		79,270,777	
(d) Sale of Garments (Local)	282,067,635		305,400,127	
(e) Sale of Garments (Export)	894,459	4,447,666,247	4,794,781	3,801,950,275
Note No 19.2: Sale of services				
(a) Process Job Sales	217,045,293		158,719,152	
(b) Yarn Job Sales	8,119,668	225,164,961	5,648,551	164,367,703

**20 Other Income**

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
(a) Interest income				
Interest on Deposit with Bank	1,555,493		1,176,531	
Interest received on Income Tax Refund	7,045,266		-	
Interest on delayed payments from Customers	20,824,685	29,425,444	40,301,220	41,477,751
(b) Other non-operating income				
Compensation Received	-		-	
Profit on Sale of Fixed Asset (Net)	4,013,512		13,813,469	
Provision no longer required	1,853,267		912,847	
Gain on Foreign Currency Transactions (Net)	4,290,563		-	
Sundry balance written back (Net)	647,238		1,235,129	
Commission Received	-		-	
Franchisee Registration Fees	1,500,000		1,600,000	
Rent Received	10,788,566		820,000	
Miscellaneous Income	4,193,449	27,286,595	20,065,835	38,447,280
<b>Total</b>		<b>56,712,039</b>		<b>79,925,031</b>

**21 Cost Of Materials Consumed**

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
Raw Material Consumed				
Opening Stock of Raw Material	311,867,902		206,196,820	
Add : Purchases of Raw Material	2,080,431,478		1,887,676,844	
Less : Closing Stock of Raw Material	340,429,000	2,051,870,380	311,867,902	1,782,005,762
<b>Total of Cost of materials consumed (Refer Note No 21.1)</b>		<b>2,051,870,380</b>		<b>1,782,005,762</b>

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

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	Rupees	Percentage	Rupees	Percentage
(a) Yarn Consumed				
(i) Indigenous	1,769,049,964	86.22%	1,552,086,856	87.10%
(ii) Imported	5,136,814	0.25%	10,372,665	0.58%
<b>Total Yarn Consumed</b>	<b>1,774,186,778</b>	<b>86.47%</b>	<b>1,562,459,521</b>	<b>87.68%</b>
(b) Dyes & Chemicals Consumed				
(i) Indigenous	267,883,132	13.06%	214,142,879	12.02%
(ii) Imported	-	0.00%	-	0.00%
<b>Total Dyes &amp; Chemicals Consumed</b>	<b>267,883,132</b>	<b>13.06%</b>	<b>214,142,879</b>	<b>12.02%</b>
(c) Others				
(i) Indigenous	9,800,470	0.47%	5,403,362	0.30%
(ii) Imported	-	0.00%	-	0.00%
<b>Total Dyes &amp; Chemicals Consumed</b>	<b>9,800,470</b>	<b>0.47%</b>	<b>5,403,362</b>	<b>0.30%</b>
(i) Indigenous	2,046,733,566	99.75%	1,771,633,097	99.42%
(ii) Imported	5,136,814	0.25%	10,372,665	0.58%
<b>Total of Cost of materials consumed</b>	<b>2,051,870,380</b>	<b>100.00%</b>	<b>1,782,005,762</b>	<b>100.00%</b>

**22 Purchases Of Stock In Trade**

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
(a) Finish Fabric Purchases		351,459,297		93,927,826
(b) Grey Fabric Purchases		143,266,674		125,078,597
(c) Garment Purchases		21,397,341		21,850,577
<b>Total</b>		<b>516,123,312</b>		<b>240,857,000</b>

## 23 Changes In Inventories Of Finished Goods, Work In Progress And Stock In Trade

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
(a) Finished Goods				
Opening Stock of Finished Fabrics	748,454,934		619,563,793	
Closing Stock of Finished Fabrics	811,067,604	(62,612,670)	748,454,934	(128,891,141)
(b) Work in Progress				
Opening Stock of Grey Fabrics	132,170,123		154,367,668	
Closing Stock of Grey Fabrics	230,676,025	(98,505,902)	132,170,123	22,197,545
(c) Stock-in-Trade				
Opening Stock of Garments	170,266,240		213,527,568	
Closing Stock of Garments	190,201,782	(19,935,542)	170,266,240	43,261,328
<b>Total</b>		<b>(181,054,114)</b>		<b>(63,432,268)</b>

## 24 Employees Benefits Expenses

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
(a) Salaries, Wages & Other Benefits		427,421,915		374,961,278
(b) Contribution to Provident Fund and Other Funds		11,643,758		9,479,866
(c) Staff Welfare Expenses		8,325,029		7,851,964
<b>Total</b>		<b>447,390,702</b>		<b>392,293,108</b>

## 25 Finance Costs

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
(a) Interest expenses				
(i) Interest on Term Loan	77,564,053		91,908,152	
(ii) Interest on Other Bank Loan	209,414,497		169,192,254	
(iii) Interest on Others	-	286,978,550	93,421	261,193,827
(b) Other Borrowing Cost				
(i) Processing Charges	5,149,471		4,516,680	
(ii) Premium on Forward Contract	3,304,999	8,454,470	12,210,167	16,726,847
(c) Net Loss on Foreign Currency Transactions Considered as Borrowing Cost		228,046		113,677
<b>Total</b>		<b>295,661,066</b>		<b>278,034,351</b>

## 26 Other Expenses

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
Consumption of Stores & Spares (Refer Note No 26.1)		105,944,544		68,467,766
Processing Charges		35,137,096		32,196,922
Weaving Charges		107,917,607		73,846,896
Other Labour Charges		81,600,948		77,079,807
Power and Fuel		312,079,496		264,005,049
Repairs and Maintenance				
On Building	1,910,315		5,053,952	
On Machinery	7,348,907		6,812,827	
On Others	18,734,753	27,993,975	18,409,718	30,276,497
Security Charges		1,799,298		1,308,322
Brokerage on purchase		5,486,425		4,455,520
Legal & Professional Expenses		16,167,682		18,471,418
Travelling & Conveyance		43,994,315		41,306,839
Net Loss / (Gain) on Foreign Currency Transactions		-		478,107

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
Insurance Charges		4,754,628		4,565,657
Packing Material Consumed		179,070,221		150,101,467
Rates & Taxes		2,706,585		2,190,388
Rent Expense		13,749,705		12,721,738
Interest Expenses		19,492,302		9,390,544
Printing & Stationery		8,276,214		8,434,339
Postage, Telegram & Telephone		15,711,103		14,338,682
Auditors Remuneration (Refer Note No 26.2)		1,025,285		1,003,697
Sundry Balance W/off (net)		-		-
Loss on Sale of Asset		-		-
Fixed Assets Written Off		-		299,093
Bad and doubtful debts	9,257,762		-	
	9,257,762		-	
Allowance for bad and doubtful debts		14,367,759		5,352,243
Allowance for bad and doubtful advances	2,204,907		709,780	
Less: Allowance for bad and doubtful advances written back	1,837,875	367,032	-	709,780
Bad debts		-		-
Allowance for bad and doubtful advances against Capital Goods		-		-
Bank Charges		5,543,636		4,804,859
Transportation Expenses		48,026,159		38,814,490
Sample Expenses		13,875,495		15,498,877
Advertisement & Sales Promotion		124,047,076		163,490,418
Sales Commission		117,895,799		107,247,978
Discount, Rebate & Claims		81,226,045		66,290,440
Miscellaneous Expenses		15,910,643		14,316,293
		1,404,167,073		1,231,464,126

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

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	Rupees	Percentage	Rupees	Percentage
Stores & Spares Consumed				
(i) Indigenous	84,034,512	79.32%	57,035,496	83.30%
(ii) Imported	21,910,032	20.68%	11,432,270	16.70%
<b>Total Stores &amp; Tools Consumed</b>	<b>105,944,544</b>	<b>100.00%</b>	<b>68,467,766</b>	<b>100.00%</b>

## Note No. 26.2 - Auditors Remuneration:

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
Statutory Auditors Remuneration				
As an auditor				
- Audit Fees (including Limited Review)	580,000		535,000	
- Tax Audit Fees	135,000		135,000	
- Towards Service Tax	88,374	803,374	84,872	754,872
Other capacity				
- Certification	137,500		160,000	
- Other Services	-		-	
- Towards Service Tax	16,995		19,962	
- Out of Pocket Expenses	-	154,495	1,447	181,409
Cost Auditors Remuneration				
- Audit Fees	60,000		60,000	
- Towards Service Tax	7,416	67,416	7,416	67,416
		1,025,285		1,003,697

## 27 Earning Per Share (Eps)

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

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	Description	Value	Description	Value
(a) Profit attributable to Equity Shareholders	(In Rs.)	37,260,189	(In Rs.)	6,034,976
(b) Number of Equity Shares outstanding during the year	(In Nos.)	52,000,000	(In Nos.)	52,000,000
(c) Face Value of each Equity Share	(In Rs.)	2.00	(In Rs.)	2.00
(d) Basic / Diluted earning per share (a) / (b)	(In Rs.)	0.72	(In Rs.)	0.12

## 28 Segment Reporting

(Amount in Rupees)

Particulars	Year ended 31.03.2014		Year ended 31.03.2013	
	Within India	Outside India	Within India	Outside India
The Company has one business segment viz. Manufacturing and Dealing in Textiles (Man Made Fabrics). Although the sales outside India was less than 10% of the total sales and the segment assets are less than 10% of the total assets in the current financial year and in the immediate preceeding financial year, geographical segment is reported as the secondary segment, as per the discretion of the management.				
(a) Segment Revenue	4,342,083,939	438,418,671	3,791,588,999	296,912,936
(b) Segment Assets	4,238,102,497	81,409,286	4,044,632,112	53,933,292
(c) Addition to Fixed Assets	282,250,946	-	131,356,358	-

## 29 Related Party Disclosures

The disclosures of Related Party as under :

Related Parties	Nature of Relationship
(a) (i) Shri Vishwanath L. Agarwal	Individual having control / significant influence
(b) (i) Mrs. Bhavardevi Agarwal (Wife of Shri Vishwanath L. Agarwal and mother of Shri Rajendra V. Agarwal and Shri Ajay V. Agarwal)	Relative of Individual having control / Significant influence and Key Management Personnel
(c) (i) Shri Rajendra V. Agarwal	Key Management Personnel
(ii) Shri Ajay V. Agarwal	Key Management Personnel
(d) (i) Mrs. Uma Agarwal (Wife of Shri Rajendra V. Agarwal)	Relative of Key Management Personnel
(ii) Mr. Rahul R. Agarwal (Son of Shri Rajendra V. Agarwal)	Relative of Key Management Personnel
(e) (i) Donear Synthetics Limited	Entities where individual having control / significant influence or key management personnel or their relatives are able to exercise significant influence
(ii) Lav Kush Traders Pvt.Limited	
(iii) Rajendra Agarwal (HUF)	
(iv) Ajay V. Agarwal (HUF)	
(v) Sonia Synthetics Pvt.Limited	
(vi) Sonia Synthetics LLP	
(vii) Donear Retail Pvt.Limited	
(viii) R. Ajay Kumar Real Estate LLP	
(ix) Rajendra Synthetics Pvt. Limited	
(x) U.N.Reality Pvt. Limited	
(xi) V.R.A. Reality Pvt. Limited	
(xii) Neptune Fabs	
(xiii) Venus Textiles	
(xiv) Lotus Fabrics	
(xv) Mercury Industries	
(xvi) Donear Fashion Link Pvt. Limited	

Disclosure of related party transaction during the year.

(Amount in Rupees)

Nature of Transaction & Name of the Related Party	Year ended 31.03.2014		Year ended 31.03.2013	
(a) Purchase of Goods, Fixed Assets & Other Services				
(i) Donear Fashion Link Pvt. Ltd.	-		43,500	
(ii) Neptune Fabs	1,12,94,712		94,63,663	
(iii) Venus Textiles	1,57,75,757		1,27,30,249	
(iv) Lotus Fabrics	97,98,724		82,71,604	
(v) Mercury Industries	1,68,39,084	5,37,08,277	1,38,66,092	4,43,75,108
(b) Sale of Goods (Net of Goods Return)				
(i) Donear Synthetics Ltd		9,35,205		17,61,550
(c) Director's Sitting Fees				
(i) Shri Vishwanath L. Agarwal		5,000		7,000
(d) Rent Paid				
(i) R.Ajaykumar Real Estate. LLP		5,40,000		5,40,000
(e) Remuneration Paid				
(i) Shri Rajendra V. Agarwal	28,03,385		28,46,928	
(ii) Shri Ajay V. Agarwal	10,51,269	38,54,654	10,86,918	39,33,846
(f) Assignment of Keyman Insurance Policy				
(i) Shri Rajendra V. Agarwal	-		95,53,458	
(ii) Shri Ajay V. Agarwal	-	-	95,53,457	1,91,06,915
(g) Rent Received				
(i) Neptune Fabs	1,00,000		1,00,000	
(ii) Venus Textiles	1,00,000		1,00,000	
(iii) Lotus Fabrics	1,00,000		1,00,000	
(iv) Mercury Industries	1,00,000	4,00,000	1,00,000	4,00,000
(h) Other recovery of expenses				
(i) Neptune Fabs	18,94,502		18,25,898	
(ii) Venus Textiles	30,14,011		27,12,612	
(iii) Lotus Fabrics	18,50,713		16,16,880	
(iv) Mercury Industries	29,71,142	97,30,368	26,76,818	88,32,208
(i) Sundry Balance Written Back				
(i) Donear Fashion Link Pvt. Ltd.		-		43,500
(j) Sale of Investment				
(i) Mrs. Bhavardevi Agarwal		-		1,10,000
(k) Loans Received				
(i) Shri Vishwanath L. Agarwal	2,23,55,000		4,46,15,923	
(ii) Smt. Uma R. Agarwal	-		1,79,045	
(iii) Shri Ajay V. Agarwal	17,55,000		4,89,42,602	
(iv) Mr. Rahul R. Agarwal	-		50,00,000	
(v) Shri Rajendra Agarwal	2,31,70,000		4,41,98,003	
(vi) Donear Synthetics Ltd	16,25,000		24,80,000	
(vii) Lav- Kush Traders Pvt. Ltd	-		1,15,000	
(viii) Shri Rajendra Agarwal HUF	-		1,59,918	
(ix) Shri Ajay V. Agarwal HUF	-		1,62,538	
(x) Donear Retail Pvt. Ltd.	13,30,000		49,80,080	
(xi) Sonia Synthetics Pvt. Ltd	-		12,86,949	
(xii) Sonia Synthetics LLP	13,90,000		71,11,363	
(xiii) R.Ajaykumar Real Estate. LLP	43,20,000		-	
(xiv) Rajendra Synthetics Pvt. Ltd	9,95,000		52,00,136	
(xv) U.N.Reality Pvt.Ltd.	9,09,10,000		6,41,30,000	
(xvi) V.R.A. Reality Pvt.Ltd.	18,50,80,000	33,29,30,000	3,04,94,440	25,90,55,997
(l) Loans Repaid				
(i) Shri Vishwanath L. Agarwal	2,13,20,000		4,21,40,923	
(ii) Shri Rajendra Agarwal	97,65,000		3,81,78,003	
(iii) Shri Ajay V. Agarwal	1,25,35,000		5,96,27,602	
(iv) Smt. Uma R. Agarwal	-		1,79,045	
(v) Mr. Rahul R. Agarwal	-		50,00,000	
(vi) Shri Rajendra Agarwal HUF	-		1,59,918	
(vii) Shri Ajay V. Agarwal HUF	-		1,62,538	
(viii) Donear Synthetics Ltd	6,00,000		8,25,000	
(ix) Sonia Synthetics Pvt. Ltd	-		76,73,312	
(x) Sonia Synthetics LLP	84,75,363		26,000	
(xi) Lav- Kush Traders Pvt. Ltd	4,77,900		25,000	
(xii) R.Ajaykumar Real Estate. LLP	43,20,000		-	
(xiii) Rajendra Synthetics Pvt. Ltd	1,62,51,480		41,13,143	
(xiv) Donear Retail Pvt. Ltd.	1,28,38,500		38,80,080	
(xv) U.N.Reality Pvt.Ltd.	8,34,10,000		6,41,30,000	
(xvi) V.R.A. Reality Pvt.Ltd.	9,70,85,000	26,70,78,243	3,04,94,440	25,66,15,004
		66,91,81,747		59,47,81,128

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

(Amount in Rupees)

Name of the Related Party	As at 31.03.2014		As at 31.03.2014	
(a) Outstanding Net Receivable				
(i) Donear Fashion Link Pvt. Ltd.	1,02,30,593		1,02,30,593	
(ii) Donear Synthetics Ltd	1,12,323	1,03,42,916	3,994	1,02,34,587
(b) Deposit Paid				
(i) R.Ajaykumar Real Estate. LLP		70,00,000		70,00,000
(c) Deposit Taken				
(i) Neptune Fabs	30,00,000		30,00,000	
(ii) Venus Textiles	30,00,000		30,00,000	
(iii) Lotus Fabrics	30,00,000		30,00,000	
(iv) Mercury Industries	30,00,000	1,20,00,000	30,00,000	1,20,00,000
(d) Loans Outstanding				
(i) Shri Vishwanath L. Agarwal	6,83,75,000		6,73,40,000	
(ii) Shri Rajendra Agarwal	8,38,45,000		7,04,40,000	
(iii) Shri Ajay V. Agarwal	13,13,35,000		14,21,15,000	
(iv) Donear Synthetics Ltd	1,99,00,269		1,88,75,269	
(v) Sonia Synthetics LLP	-		70,85,363	
(vi) Lav- Kush Traders Pvt. Ltd	-		4,77,900	
(vii) Rajendra Synthetics Pvt. Ltd	-		1,52,56,480	
(viii) V.R.A. Reality Pvt.Ltd.	8,79,95,000		-	
(ix) U.N.Reality Pvt.Ltd.	75,00,000		-	
(x) Donear Retail Pvt. Ltd.	-	39,89,50,269	1,15,08,500	33,30,98,512
(e) Guarantee given by directors				
Towards Term Loan	65,51,04,662		87,99,64,594	
Towards Working Capital	2,05,39,45,315	2,70,90,49,977	1,78,89,99,360	2,66,89,63,954
		3,13,73,43,162		3,03,12,97,053

## 30 EMPLOYEE BENEFIT

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

(Amount in Rupees)

Particulars	As at 31.03.2014		As at 31.03.2014	
(a) Defined Contribution Plan - Employees Provident Fund		67,45,394		64,82,035
(b) Defined Benefit Plan - Gratuity		Funded		Funded
(i) Assumptions		As on 31/03/2014		As on 31/03/2013
Discount Rate		8%		8%
Salary Escalation		4%		4%
(ii) Table showing changes in present value of obligations		As on 31/03/2014		As on 31/03/2013
Present value of obligations as at beginning of year		84,34,793		74,54,286
Interest cost		6,74,783		5,96,343
Current Service cost		20,83,401		15,78,992
Benefits paid		(12,22,329)		(9,33,552)
Actuarial (gain)/Loss on obligations		2,53,514		(2,61,276)
Present value of obligations as at end of year		1,02,24,162		84,34,793
(iii) Table showing changes in the fair value of plan assets				
Fair value of plan assets at beginning of year		1,13,66,160		97,00,707
Expected return on plan assets		9,58,395		8,47,966
Contributions		2,90,815		17,51,039
Benefits paid		(12,22,329)		(9,33,552)
Actuarial Gain / (Loss) on Plan assets		Nil		Nil
Fair value of plan assets at the end of year		1,13,93,041		1,13,66,160
(iv) Table showing fair value of plan assets				
Fair value of plan assets at beginning of year		1,13,66,160		97,00,707
Actual return on plan assets		9,58,395		8,47,966
Contributions		2,90,815		17,51,039
Benefits Paid		(12,22,329)		(9,33,552)
Fair value of plan assets at the end of year		1,13,93,041		1,13,66,160
Funded Status		11,68,879		29,31,367
Excess of Actual over estimated return on plan assets (Actual rate of return=Estimated rate of return as ARD falls on 31st March)		Nil		Nil
(v) Actuarial Gain/Loss recognized		As on 31/03/2014		As on 31/03/2013
Actuarial (gain)/Loss for the year Obligation		(2,53,514)		2,61,276
Actuarial (gain)/Loss for the year - Plan Assets		Nil		Nil
Total (gain)/Loss for the year		(2,53,514)		2,61,276
Actuarial (gain)/Loss recognized in the year		(2,53,514)		2,61,276

Particulars	As at 31.03.2014	As at 31.03.2014
(vi) The amounts to be recognized in the Balance Sheet and Statements of Profit and Loss		
Present value of obligations as at the end of year	1,02,24,162	84,34,793
Fair value of plan assets as at the end of the year	1,13,93,041	1,13,66,160
Funded status	11,68,879	29,31,367
Net Asset / (Liability) recognized in balance sheet	(11,68,879)	(29,31,367)
(vii) Expenses Recognised in statement of Profit & Loss		
Current Service cost	20,83,401	15,78,992
Interest Cost	6,74,783	5,96,343
Expected return on plan assets	(9,58,395)	(8,47,966)
Net Actuarial (gain)/Loss recognised in the year	2,53,514	(2,61,276)
Expenses recognised in statement of Profit & Loss	20,53,303	10,66,093

**31 LEASE**

(Amount in Rupees)

Particulars	Year ended 31.03.2014	Year ended 31.03.2014
(a) Assets given on Lease		
The Company's major leasing arrangements are in respect of office premises given on leave and licence basis. These leasing arrangements, which are cancellable, is for the period of 3 years and are usually renewable by mutual consent at mutually agreed terms and conditions.		
The aggregate lease rentals collected as Lease Rent and shown under Note No. 20 "Other Income"	1,07,88,566	8,20,000
(b) Assets taken on Lease		
The Company's major leasing arrangements are in respect of residential / godowns / office premises (including furniture and fitting therein, wherever applicable) taken on leave and licence basis. These leasing arrangements, which are cancellable, range between 11 months and 5 years generally, or longer, and are usually renewable by mutual consent at mutually agreed terms and conditions.		
The aggregate lease rentals charged as Rent and shown under Note No. 26 "Other Expenses"	1,37,49,705	1,27,21,738

**32 C.I.F. VALUE OF IMPORTS**

(Amount in Rupees)

Particulars	Year ended 31.03.2014	Year ended 31.03.2014
(a) Raw Material	51,26,756	1,03,72,665
(b) Components and Spare parts	2,57,53,244	99,14,889
(c) Capital Goods	5,09,944	3,42,55,407
Total	3,13,89,944	5,45,42,961

**33 EARNINGS IN FOREIGN EXCHANGE**

(Amount in Rupees)

Particulars	Year ended 31.03.2014	Year ended 31.03.2014
(a) F.O.B. Value of Exports	43,12,21,894	29,16,39,467
(b) Freight	69,84,013	51,29,914
(c) Insurance	2,12,763	1,43,556
Total	43,84,18,670	29,69,12,937

**34 EXPENDITURE IN FOREIGN CURRENCY**

(Amount in Rupees)

Particulars	Year ended 31.03.2014	Year ended 31.03.2014
(a) Travelling, Lodging & Boarding	24,42,674	64,22,040
(b) Advertisement and Sales Promotion	19,35,317	22,10,016
(c) Interest	60,12,221	1,46,25,738
(d) Book & Periodicals	24,74,356	21,69,378
(e) Staff Welfare	1,90,038	5,67,655
(f) Commission	1,52,05,533	1,06,64,168
Total	2,82,60,139	3,66,58,995

**35 DERIVATIVES****HEDGED :**

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

Currency	Buy or Sell	As at 31.03.2014		As at 31.03.2013	
		Foreign Currency Amount	Rupees	Foreign Currency Amount	Rupees
AUD	BUY	-	-	52,79,831	30,67,97,782

**UNHEDGED :**

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

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

Particulars and Currency	As at 31.03.2014		As at 31.03.2013	
	Foreign Currency Amount	Rupees	Foreign Currency Amount	Rupees
Receivables				
USD	12,38,345	7,40,01,039	9,13,673	4,96,56,852
Euro	71,940	59,11,815	25,418	17,70,727

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

Particulars and Currency	As at 31.03.2014		As at 31.03.2013	
	Foreign Currency Amount	Rupees	Foreign Currency Amount	Rupees
Payables				
USD	21,554	11,78,034	3,45,190	1,88,66,386
Euro	-	-	6,320	4,42,832

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

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

**38 Corporate Information**

Donear Industries Limited (the 'Company') is a public limited company domiciled in India and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The Company is manufacturer of fabrics having its own brand name "Donear" and also trading in garments under the brand name of "Dcot". The Company has manufacturing facilities located at Silvassa and Surat. It has one of the best process house as compared other textile industry located at surat.

**39 SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of Accounting**

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards and provisions of the Companies Act, 1956 and the Companies Act, 2013 wherever applicable.

**(b) Use of Estimates**

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

**(c) Inventories Valuation**

- (i) Inventories are valued at lower of cost or net realizable value.
- (ii) Cost of Raw Material excluding Dyes and Chemicals , Traded Finished Goods, Stores & Spares, Packing Material and Garments are determined on weighted average cost basis.
- (iii) Cost of Finished Goods and Work-in-Progress are determined on estimated cost basis.
- (iv) Cost of Dyes and Chemicals included in the cost of Raw Material are determined on first-in-first-out (FIFO) basis.

**(d) Fixed Assets and Depreciation / Amortisation**

- (i) All Fixed Assets are stated at Cost less Accumulated Depreciation. Computer software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation / system integration services. The costs are capitalised in the year in which the relevant software is ready for use.
- (ii) Depreciation is provided on Fixed Assets on Written Down Value Method (WDV) at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Software is amortised over a period of 5 years on straight-line method.

**(e) Revenue Recognition**

- (i) **Sale & Sale of Services**  
Sales are recognised when the significant risks and rewards of ownership of the goods are passed to the customer and with regard to services, when services are rendered. Sales are accounted net of trade discount.
- (ii) **Other Income**  
Interest income is recorded on a time proportion basis taking into account the amounts invested and the rate of interest.
- (iii) **Export Benefits**  
All export benefits other than advance license benefits are accounted for on accrual basis

**(f) Foreign Exchange Transactions**

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

**(g) Investments**

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

**(h) Employees benefits expenses**

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

**(i) Borrowing Costs**

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

**(j) Lease**

Lease rentals in respect of assets acquired under operating leases are charged off to the Statement of Profit and Loss. Lease rentals in respect of assets given under operating leases are credited to the Statement of Profit and Loss. Initial Cost incurred for giving the asset on operating lease is charged off as an expense in the year in which it is incurred.

**(k) Earnings per share**

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

**(l) Provision for Taxation and Deferred Tax**

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

**(m) Impairment of Assets**

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

**(n) Provision & Contingent Liabilities**

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

**(o) Operating Cycle**

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

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

As per our report of attached even date

**FOR M. L. BHUWANIA & CO.**  
**CHARTERED ACCOUNTANTS**

Firm Registration Number: 101484W

For **DONEAR INDUSTRIES LIMITED**

**ASHISH BAIRAGRA**  
Partner  
**Membership No.109931**

**Vishwanath L. Agarwal**  
Chairman

**Rajendra V. Agarwal**  
Managing Director

Place : Mumbai  
Date : 30th May, 2014

**Sreedhar H.**  
Company secretary

**Ajay V. Agarwal**  
Whole time Director



FM

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