

**ANNUAL REPORT
&
ACCOUNTS**

FOR THE YEAR ENDED 31ST MARCH, 2020

DEEPAK INDUSTRIES LIMITED

BOARD OF DIRECTORS
SHRI PRADIP KUMAR DAGA
CHAIRMAN-CUM-MANAGING DIRECTOR
SHRI YASHWANT KUMAR DAGA
VICE-CHAIRMAN-CUM-JOINT MANAGING DIRECTOR
SHRI SUJIT CHAKRAVORTI
SHRI ANAND PRASAD AGARWALLA
SMT MEERA DOKANIA

COMPANY SECRETARY
SHRI VITHAL DAS MALL

CHIEF FINANCIAL OFFICER
SHRI MANEESH KHANNA

AUDITORS
LODHA & CO.
CHARTERED ACCOUNTANTS

BANKERS
STATE BANK OF INDIA
UCO BANK

REGISTRAR & TRANSFER AGENTS
MAHESHWARI DATAMATICS PVT. LTD
25, R. N. MUKHERJEE ROAD
5TH FLOOR
KOLKATA-700001
PHONE: 033-2248-589/2248-2248
MAIL: MDPLDC@YAHOO.COM

CORPORATE DETAILS
DEEPAK INDUSTRIES LIMITED
CIN: L63022WB1954PLC021638
REGISTERED OFFICE
16, HARE STREET,
KOLKATA-700001
PHONE: 033-2248-2391/2/3
FAX: 033-2248-9382
WEBSITE: WWW.DIL-INDIA.COM
MAIL: SECRETARY@DIL-INDIA.COM

DEEPAK INDUSTRIES LIMITED
CIN No.L63022WB1954PLC021638

Registered office:

16, Hare Street, Kolkata-700 001

www.dil-india.com Email: secretary@dil-india.com

Phone No.033-2248-2391/2/3 Fax No. 033-2243-9382

Notice

Notice is hereby given that 65th Annual General Meeting of the shareholders of the Deepak Industries Limited will be held on Tuesday, the 29th September, 2020 at 12.00 Noon through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM') to transact the following business:

Ordinary Business:

1. To receive consider and adopt the Financial Statements of the Company for the year ended on 31st March, 2020 including audited balance sheet as at 31st March, 2020 and the statement of profit and loss and Cash Flow Statement for the year ended on that date together with the reports of the Board of Directors and Auditors of the Company thereon.
2. To confirm the interim dividend on Equity Shares at the rate of Rs. 5/- per share declared and in the Board meeting held on 06/03/2020 and paid and also confirm the said dividend as final dividend for the year 2019-20.
3. To re-appoint a director in place of Shri Yashwant Kumar Daga (Holding DIN No.00040632) who retires by rotation and being eligible offers himself for re-appointment.

Special Business:

4. To consider and if thought fit to pass the following resolution as an ordinary resolution:
"RESOLVED THAT pursuant to section 148(3) and all other provisions of the Companies Act, 2013 and read with rule 14 of the Companies (Audit and Auditors) Rules 2014, the remuneration of the Cost Auditors M/s. SPK Associates, Cost Accountants, Kolkata (Firm's Registration No. 000040) for conducting the audit of the cost records of the company for the year 2020-21 determined by the Board of Directors of the Company at Rs 50,000/- (apart from service tax including cess as applicable and out of pocket expenses) be and is hereby approved and ratified."

Place: Kolkata

Date: 28/07/2020

By Order of the Board

V D MALL

Company Secretary

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A person holding more than 10% of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person can not act a proxy for any person or shareholder.
The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. The Board of Directors of the Company in its meeting held on 06/03/2020 have declared and paid an interim dividend of Rs.5/- per equity and this is being confirmed as the final dividend for the year 2019-20.
4. The Register of Members and the Share Transfer books of the Company will remain closed from 23/09/2020 to 29/09/2020 for annual closing and payment of dividend.
5. Company has appointed M/S Maheshwari Datamatics Private Limited, 23, R N Mukherjee Road, 5th Floor, Kolkata – 700 001, as its Registrar and Transfer Agents (RTA) for both physical and demat segment of equity shares. Members are requested to send all their correspondence at the above address of RTA. For any communication, the shareholders may also send requests to email ids: mdpldc@yahoo.com and secretary@dil-india.com.
6. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send relevant share certificates to the above referred Registrar for doing the needful.
7. Members holding physical share certificates are requested to get their shares demated by opening of a DP Account with a Depository Participant to facilitate corporate actions by the Company and also give a copy of the pan to the Registrar or the Company.
8. Members are requested to notify change in address, if any, immediately to the above referred Registrar quoting their Folio numbers.
9. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
10. In terms of circulars issued by The Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of Permanent Account Number Card (PAN Card) to the company or its Registrars and Transfer Agents in cases of Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN Card for all the above mentioned transactions.

11. Details under SEBI (LODR) Regulations, 2015 in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
12. Electronic copy of the Annual Report for 2019-20 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes.
13. Members are requested to note that dividends, if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company are liable to be transferred to the Investor Education and Protection Fund (IEPF). Further, the shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members / Claimants are requested to claim their dividends from the Company within the stipulated timeline
14. Pursuant to the provisions of Investor Education and Protection Fund (uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules , 2012 the company has uploaded details of unpaid and unclaimed dividend amounts lying with the Company as on 17th September, 2019 (the date of the last Annual General Meeting) on the website of the company www.dil-india.com and also on the website of the Ministry of corporate affairs.
15. Electronic copy of the Notice of the General Meetings of the Company *inter alia* indicating the process and manner of e-voting is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes.
16. Members may also note that the Notice of the Annual General Meeting and the Annual Report for 2019-20 is also be available on the Company's website www.dil-india.com for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.
17. Documents, if any, referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (11.00 am to 5.00 pm) on all working days except Saturdays upto and including the date of the Annual General Meeting of the Company.
18. Institutional Members/Bodies Corporate (i.e, other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution /Attorney letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote through e-mail at secretary@dil-india.com with a copy marked to helpdesk.evoting@cdslindia.com on or before 28/09/2020 up to 5.00 P.M. without which the vote shall not be treated as valid.
19. The Company has appointed Shri Pravin Kumar Drolia, Practising Company Secretary (Certificate of Practice No. 1362) as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner .
20. The Company has connectivity with both NSDL and CDSL under **ISIN No INE485J01016**.

VOTING THROUGH ELECTRONIC MEANS THROUGH VIDEO CONFERENCING (VC) OR THROUGH OTHER AUDIO VISUAL MEANS (OAVM)

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, , the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.dil-india.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. CSE Limited and National Stock Exchange of India Limited at www.cse-india.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

THE INTRUCTIONS FOR SHAREHOLDRES FOR REMOTE E-VOTING ARE AS UNDER:

- (i) The voting period begins on 26/09/2020 at 9.00 A M and ends on 28/09/2020 at 5.00 P M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 22/09/2020 may cast

their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on “Shareholders” module.
- (v) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL’s **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL’s **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both 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 (v).

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app “**m-Voting**”. The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- Members are requested to directly register their email id by visiting the link <http://mdpl.in/form/email-update> of the Company’s Registrar and Share Transfer Agent M/s. Maheshwari Datamatics Pvt Ltd.
2. For Demat shareholders -Members are requested to update/register their email id with their Depository Participant (DP).

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at secretary@dil-india.com. The shareholders who do not wish to speak

during the AGM but have queries may send their queries in advance **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at secretary@dil-india.com. These queries will be replied to by the company suitably by email.

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility , then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; secretary@dil-india.com (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Relating to item No.4

Under the provisions of section 148(3) of the Companies Act, 2013 read with rule 14 of the Cos (Audit & Auditors) rules, 2014 the remuneration of the cost auditors is required to be confirmed and ratified by the shareholders of the Company and your directors recommend the resolutions for approval of the members by Ordinary resolutions.

None of the Directors and Key Management Personnel of the Company and their relatives is concerned or interested in this resolution financially or otherwise.

By Order of the Board
V D MALL
Company Secretary

Place: Kolkata
Date: 28/07/2020.

Information required to be furnished under SEBI(LODR), 2015 in respect of the
Appointment/Re-appointment of the Directors

Name of the Director	Shri Yashwant Kumar Daga
DIN No	00040632
Date of Appointment	15/11/2014
Date of Birth	07/03/1961
Age	59 Years
Qualification	B. Com. , (Hons)
Experience in specific functional areas	Tea, Spinning, Engineering and Solar and Hydro Power
Number of Meetings of the Board Attended during the financial year commenced from 01/04/2019	5
Directorship in other Companies excluding foreign Companies, Companies under section 8 of the Companies Act, 2013 and private Companies	1) Longview Tea company Limited 2) Deepak Spinners Limited 3) The Magadh Sugar & Industries Limited 4) Mint Investments Limited 5) HGI Industries Limited
Chairmanship / Membership/of Committees of Other Public Companies (Only Audit Committee and Stakeholders Relationship Committee considered)	HGI Industries Limited Audit Committee-Member Stakeholders Relationship-Member Mint Investments Limited Audit Committee-Member Stakeholders Relationship-Member Magadh Sugar & Industries Limited- Audit Committee-Member Stakeholders Relationship-Member Longview Tea Company Limited Stakeholders Relationship-Member Deepak Spinners Limited Audit committee-Member Stakeholders Relationship-Member
Shareholding in the Company	524313
Relationship with other directors	Son of Shri Pradip Kumar Daga, CMD
Terms and conditions of appointment/re-appointment along with details of remuneration last drawn by such person	Terms and Conditions as per the shareholders resolution passed in the AGM on 28/03/2019 and Remuneration in the year 2019-20 Rs.1,21,45,230/-

BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased to present their Report together with the Audited Financial Statements for the year ended 31st March 2020.

Financial Results

Particulars	Rs in lakhs
	31 st March, 2020
Profit before Finance Cost, depreciation and amortization & Tax	8928.39
<i>Less</i> \ Finance Cost	842.19
Depreciation and Amortization	2234.27
Profit before Tax	5851.93
Current Tax	1551.75
Taxation related to earlier years	-
Deferred Tax	(285.43)
Total Tax	1266.32
Profit for the year	4585.61
Other Comprehensive Income	
(i) Items that will not be classified to Profit and Loss Account	(4.44)
(ii) Income tax relating to items that will not be reclassified to Profit and Loss	1.12
Other Comprehensive Income for the year (net of tax)	(3.32)
Total Comprehensive Income for the year	4582.29
Basic and diluted earnings per share (Rs.)	115.90

The Financial Statements for the year ended 31st March 2020 have been prepared in accordance with Ind AS prescribed under Section 133 of the Companies Act 2013

Subsidiary, Associate and Joint Venture

The Company has no Subsidiary, Associate and Joint Venture.

Dividend

The Board of Directors has recommended an interim dividend of Rs.5/- per share on the face value of Rs. 10/- each per share which has been paid to the shareholders as on the record date of 19/03/2020 and no final dividend is proposed. The Company has paid dividend distribution tax plus applicable surcharge, applicable on the dividend distribution tax. The said interim dividend may be considered as the final dividend. The Confirmation of the payment of interim dividend is proposed in the forthcoming Annual General Meeting as final dividend for the year 2019-20.

General Review

Revenues with other income for financial year ended 31st March, 2020 stood at Rs 42073.89 lakhs, profit before finance cost, depreciation and amortization, and tax Rs. 8928.39 lakhs, and profit after tax for the year was Rs.4585.61 lakhs and Total Comprehensive Income for the year was Rs.4582.89 Lakhs.

During the year under review, the turnover of the Company was lower than the previous year due to economic slow down particularly the Automobile and tractor gear segment and the performance of the industrial gear segment was also not better but it was able to contain the losses compared to previous year.

The management continues to lay emphasis for continuous growth in the business of your company.

Generation from solar power plant was satisfactory.

There has been no change in the nature of business of the Company during the year.

There have been no material changes affecting the financial position of the Company during the year except that the last few days of the year suffered due to the covid-19 pandemic lock down.

Shares

The Company has not issued any shares during the year under review.

Internal Financial Control Systems

The Company has in place adequate Internal Financial Control System commensurate with the size, scale and nature of its operations. During the year such controls were tested and no reportable material weakness in the operations has been observed. The Company has appropriate policies and procedures in place for ensuring proper and efficient conduct of its business, the safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information. During the year under review, the Company has not come across any incidence of fraud. The Company has adopted accounting policies, which are in line with the applicable accounting standards and the companies Act, 2013.

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

Statutory Auditors

Pursuant to Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the members of the Company in its Annual General Meeting held on 10th August 2017 approved appointment of M/s. Lodha & Co. Chartered Accountants (ICAI Registration no. 301051E) as the Statutory Auditors of the Company for an initial term of 5 consecutive year subject to ratification of such appointment at every subsequent meeting during their tenure.

As per the notification dated 7th May 2018, issued by Ministry of Corporate Affairs, the appointment of Statutory Auditors, is not required to be ratified by members of the Company in every Annual General Meeting.

Auditors' Report

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

Secretarial Audit and Secretarial Auditor

Pursuant to Section 20 of the Companies Act 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Secretarial Audit was carried out by Binay Kumar Pandey, Practising Company Secretary (CP no.12074) for the financial year 2019-20. The Secretarial Audit Report is annexed as '**Annexure – I**', to this Report.

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

The Company has appointed Binay Kumar Pandey (CP No.12074) to hold the office of the secretarial Auditors and to conduct the Secretarial Audit for the financial year 2020-21.

Cost Audit

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

The Board of Directors have on the recommendation of the Audit Committee, appointed, M/s SPK Associates, Cost Accountants (ICWAI Firm's Registration no. 000040), as Cost Auditors of the Company, to carry out cost audit of the products manufactured by the Company for the year 2020-21. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Act and rules framed there under.

The Company has filed the cost audit report for the year 2018-19 within the due date on 19/12/2019.

The remuneration of the Cost Auditor has been approved by the Board of Directors on the recommendation of Audit Committee. As required under the Companies Act, 2013, read with rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, a resolution seeking members' ratification for the remuneration payable to M/s SPK Associates, Cost Auditors is included in the Notice of forthcoming 65th Annual General Meeting.

Directors and Key Managerial Personnel

a. Retirement of Directors

The Board consist of the executive directors, non-executive directors and a lady independent non executive director. There has been no change in the constitution of the Board during the year. During the year, there was no instances where the Board has not accepted the recommendation of the Audit Committee. Pursuant to Section 152 of Companies Act, 2013 and Articles of Association of the Company, Shri Yashwant Kumar Daga (DIN 00040692), retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment. The Board recommends his re-appointment. The brief resume and other details as required under the Listing Regulations are provided in the Notice of the 65th Annual General Meeting.

b. Key Managerial Personnel

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

c. Statement on declaration given by Independent Directors

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

d. Meetings

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

e. Board Evaluation

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

A structured questionnaire for evaluation of the Board and its various Committees and individual Directors was prepared and recommended to the Board by the Nomination & Remuneration Committee for doing the required evaluation after taking into consideration the inputs received from the Directors, covering various aspects of the Board's functioning.

A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The

performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. The performance evaluation of the Chairman and non-independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

Directors' Responsibility Statement

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

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

Corporate Social Responsibility

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

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

Vigil Mechanism

The Company has adopted a Vigil Mechanism for Directors and employees of the Company to report genuine concerns of any wrongful conduct with respect to the Company or its business or affairs. The policy covers malpractices, fraud, violation of company's policies or rules, misappropriations of monies and other matters on account of which interest of the Company is affected or is likely to be affected. The policy provides that all protected disclosures can be addressed on a confidential basis to the Vigil Officer or the Chairman of Audit Committee in certain cases. The policy of Vigil Mechanism is an internal policy, to make protected disclosures in good faith and to raise concerns to be appropriately dealt with.

It also provides for adequate safeguards against the victimization of employees who avail of the mechanism. Complaints received by Vigil Officer are to be investigated by the Vigil

Officer and a report thereon is to be submitted to the Audit Committee. It is affirmed that no person was denied access to the Vigil Officer and the Audit Committee; and no complaints were received during the financial year 2019-20.

The Policy on Vigil Mechanism is also posted on the website of the Company www.dil-india.com.

Risk Management Policy

Several factors such as advancement in technology, prevalent geo-political environment, stringent regulatory and environmental requirements have consequential impacts across the value chain of a business. The Company has an efficient Risk Management framework to identify and evaluate business risks and opportunities. The Audit Committee has been delegated the responsibility for monitoring and reviewing risk management, assessment and minimization procedures. On the recommendations of Audit Committee, Board of Directors has formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day to day operations of the Company. The Company has adequate internal control systems and procedures to combat risks. The risk management procedures are reviewed by the Audit Committee and the Board of Directors on a quarterly basis at the time of review of the quarterly financial results of the Company.

Nomination and Remuneration Policy

The Board has on the recommendations of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, KMP and Senior Management personnel and their remuneration. The details of Company's Remuneration Policy is annexed as '**Annexure-III**' and forms part of this report of the Board of Directors. The policy has been published on the website of the Company www.dil-india.com,

Related Party Transactions

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

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

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

The Policy on Related Party Transactions, as approved by the Board is uploaded on the Company's website www.dil-india.com. None of the Directors has any pecuniary relationship or transaction vis-à-vis the Company except the salary and professional services at arm's length basis.

Shri Anand Prasad Agarwalla, Independent Director of the Company is a solicitor and advocate and he provides legal professional services to the Company time to time as required by the Company. The transaction with the said director and his advocate son for legal services are on arm's length basis and in the ordinary course of business.

Shri Yashwant Kumar Daga, VCJMD of the Company who is one of the promoter of the Company and holds more than 10% share in the company has been paid remuneration during the year Rs. 12145230/-.

Disclosures regarding Employees

- a) The Statement of Details of Remuneration as required under Section 197 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is attached as '**Annexure – IV-A**' and forms a part of this Board's Report.
- b) The detail of the employee and holding more than 2% Shares in the Company drawing remuneration as prescribed under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in the **Annexure-IV-B** of this report. There are no employees posted and working in a country outside India drawing the specified remuneration in a financial year. However, the name of the top 10 employees in terms of the remuneration drawn is not being annexed to this report and such particulars shall be made available upon request from the shareholders before the date of the forthcoming annual general meeting.
- c) No employee, other than the Managing Directors by themselves or along with spouse holds 2% or more of the equity shares of the Company.
- d) The Company has not received any complaint under 'The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013, during the year.

Public Deposits

During the year, the Company has not accepted any deposits from the public and as such, there are no outstanding deposits in terms of the Companies (Acceptance of Deposits) Rules, 2014.

Loans, Guarantees and Investments

The Company has not given loans, directly or indirectly to any person or other body corporate or given guarantee or provided any security in connection with a loan to any other body corporate or person. The investments made by the Company are stated in the financial statement of the Company.

Management Discussion and Analysis Report

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

Investors Education and Protection Fund

The company was and is not required to transfer any amount to such Fund in the year 2019-20 and in the year 2020-2021 respectively.

Corporate Governance :

A report on Corporate Governance as required under Regulation 34 of SEBI(Listing Obligations and Disclosure Requirements)Regulations, 2015 ('Listing Regulations') and as stipulated in part C of schedule VI is annexed herewith and forms part of this report. Compliance Certificate issued by Practicing Company Secretary of the Company, regarding compliance of Corporate Governance is also annexed with this report as **Annexure-VI**

Abstract of Annual Return

The abstract of annual return for the year ended 31/03/2020 in Form MGT-9 as per the provisions of Section 92 of the Companies Act 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed with this report as '**Annexure – VII**'.

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

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

Significant and material orders passed by the regulators or courts

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

Post Balance Sheet Events.

The covid-19 lock down will affect the workings of the Company in the current year and the extent thereof is not presently ascertainable. A statement of covid-19 has been given in the notes to the financial statement.

Compliance with Secretarial Standards

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

Acknowledgement

Your Directors place on record their appreciation for the overwhelming co-operation and assistance received from Investors, customers, business associates, bankers, vendors, as well as regulatory and governmental authorities. Your Directors also thank the employees at all levels, who, through their dedication, co-operation, support and smart work have enabled the

Company to achieve growth.

Cautionary Statement

Statements in the Board Report and Management Discussion & Analysis describing the Company's objectives, expectations or forecasts may be forward-looking within the meaning of the applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices of finished goods, input availability and prices, changes in government regulations, tax laws, economic developments within the country and other factors such as litigation and industrial relations.

Yashwant Kumar Daga
Vice-Chairman-cum-Joint
Managing Director
DIN 00040632

Sujit Chakravorti
Director
DIN 00066344

Anand Prasad Agarwalla
Director
DIN 00312652

Meera Dokania
Director
DIN 07094376

Place : Kolkata

Date : 28/07/2020

CS BINAY KUMAR PANDEY
Practising Company Secretary

M/s B K P & ASSOCIATES
Company Secretaries
4th Floor, Room No. 426,
City Centre Building
19, Synagogue Street
Kolkata- 700001

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2020

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

To,
The Members,
Deepak Industries Limited
16, Hare Street,
Kolkata 700 001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Deepak Industries Limited. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory practices and expressing our opinion thereon.

Based on our verification of the Deepak Industries Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representation during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of import and export of goods and services;
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations. 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company for the financial year ended March 31, 2019.

- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (vi) Other laws as mentioned in the Annexure attached herewith and as may be applicable to the company.

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

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (b) The Listing Agreements entered into by the Company with the Calcutta Stock Exchange Limited.

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

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Company has a woman director on its Board. There was no change in the composition of the Board of Directors during the period under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. We have however not observed any dissenting member's views.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has –

- (a) not allotted any share or other securities during the period.
- (b) not altered the provisions of the Memorandum of Association or the Articles of Association.
- (c) not taken any major decision at the last Annual General Meeting held in the year 2019.
- (d) no merger / amalgamation / reconstruction etc.
- (e) no foreign technical collaborations.

Place: Kolkata

Dated: June 24, 2020.

For B K P & ASSOCIATES
Company Secretaries

(CS Binay Kumar Pandey, FCS)
Membership No. FCS 9830
C.P. No. 12074

LIST OF OTHER APPLICABLE LAWS

1. Air (Prevention and Control of Pollution) Act, 1981
2. Apprentices Act, 1961
3. Consumer Protection Act, 1986
4. Indian Contract Act, 1872
5. Employees' Provident Funds and Miscellaneous Provisions Act, 1952
6. Employees' State Insurance Act, 1948
7. Environment Protection Act, 1986
8. Factories Act, 1948
9. Industrial Disputes Act, 1947
10. Industrial Employment (Standing Orders) Act, 1946
11. Industries (Development and Regulation) Act, 1951
12. Maternity Benefit Act, 1961
13. Minimum Wages Act, 1948.
14. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
15. Negotiable Instruments Act, 1881
16. Payment of Bonus Act, 1965
17. Payment of Gratuity Act, 1972
18. Payment of Wages Act, 1936
19. Registration Act, 1908
20. Sale of Goods Act, 1930
21. Water (Prevention and Control of Pollution) Act, 1974
22. Workmen's Compensation Act, 1923
23. Income-Tax Act, 1961
24. The Companies Act, 2013
25. The Customs Act, 1962
26. The Motor Vehicles Act, 1988
27. Boiler Act, 1923
28. The Central Goods and Service Tax Act, 2017.
29. Shops and Establishment Act, Profession Tax Act, and other Commercial Acts of respective states.

ANNEXURE-II

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT for the year 2019-20

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

The Company has formulated a Corporate Social Responsibility (CSR) Policy stated in the link mentioned below pursuant to Section 135 of the Companies Act, 2013 and Notification dated 27th February, 2014 issued by the Ministry of Corporate Affairs under the said Section. The policy is framed for undertaking activities as may be found beneficial and feasible for betterment of critical social environmental of the weaker sections of the society, preferably locally, near to the factory sites of the Company. This CSR policy relates to the activities to be undertaken by the Company as specified in Schedule VII of the Act and the expenditure thereon and focuses on addressing critical social, environmental and economic needs of marginalised/underprivileged sections of the society. The CSR policy is hosted on the web link www.dil-india.com under the Investors section of the site.

2. The Composition of the CSR Committee:

The composition of the CSR Committee is as follows:-

Name of the Director	Chairman/Member	Promoter/Independent Director
Shri Pradip Kumar Daga,	Chairman	Promoter CMD of the Company
Shari Anand Prasad Agarwalla	Member	Independent Director
Shri Sujit Chakravorti	Member	Independent Director

3. Average net Profit of the company for last three years: Rs. 4860.11 lakhs
 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs.97.20 lakhs
 5. Details of CSR spent during the financial year:
 (a) Total amount to be spent for the financial year; Rs.97.20 lakhs
 (b) Amount unspent, if any; Rs. 93.53 lakhs.
 (c) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
Sr. No	CSR Project or activity identified	Sector in which the project is covered	Projects or Programmes (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) projects or programs wise	Amount spent on the projects or programs Sub-heads (1)Direct expenditure on projects or programs (2)Overheads (Rs)	Cumulative expenditure up to the reporting period (Rs.)	Amount spent: Direct or through implementing agency
1	Provision of Medical aid to the under privileged, disabled and other needy persons including Payment to engagement of a Doctor	Promoting health care including preventive health care	West Bengal, Kolkata	Not set	363687/-	363687/-	Direct

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

The Company is making efforts to spend the amount through the various programmes undertaken by the Company.

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

CSR committee hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

Shri Yashwant Kumar Daga (Chief Executive Officer or Managing Director or Director)	Shri Pradip Kumar Daga (Chairman of CSR Committee)	N.A (Person specified under clause (d) of sub-section (1) of section 380 of the Act) (wherever applicable)
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Place: Kolkata

Date: 28/07/2020

**DEEPAK INDUSTRIES LIMITED
NOMINATION AND REMUNERATION POLICY
(Amended by Board w.e.f 1st April, 2019)**

INTRODUCTION:

In compliance with the provisions of Section 178 of the Companies Act, 2013 read with the applicable rules thereto and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the SEBI Listing Regulations) as amended from time to time and in pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

OBJECTIVE AND PURPOSE OF THE POLICY:

The objective and purpose of this policy are:

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

Constitution of the Nomination and Remuneration Committee:

The Board has constituted Nomination and Remuneration Committee on 30th May 2014. The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirements.

Definitions:

- ‘Board’ means Board of Directors of the Company.
- ‘Directors’ means Directors of the Company.
- ‘Committee’ means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board. In accordance with provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations
- ‘Company’ means Deepak Industries Limited.
- ‘Independent Director’ means a director referred to in Section 149 (6) of the Companies Act, 2013. and in Regulation 16 of SEBI Listing Regulations
- ‘Key Managerial Personnel (KMP)’ means-
 - (i) Chief Executive officer or the Managing Director or the Manager
 - (ii) Whole-time Director
 - (iii) Chief Financial Officer;
 - (iv) Company Secretary;
 - (v) Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board;
 - (vi) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- ‘Senior Management Personnel’ means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

Applicability:

The Policy is applicable to -

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

General :

- This Policy is divided in three parts:

- (i) **Part – A** covers the matters to be dealt with and recommended by the Committee to the Board,
- (ii) **Part – B** covers the appointment, nomination and removal and
- (iii) **Part – C** covers remuneration and perquisites etc.

PART – A

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

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

PART – B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- **Guiding Principles**
 - Remuneration policy and arrangements for Directors, KMPs and Senior Management Personnel, shall be determined by the Committee on the basis of Company's financial position, pay and employment conditions prevailing in peer companies or elsewhere in competitive market to ensure that the remuneration and the other terms of employment shall be competitive to ensure that the Company can attract, retain and motivate competent executives.
 - Remuneration packages may be composed of fixed and incentive pay depending on short and long term performance objectives appropriate to the working of the Company.
 - The Committee considers that a successful remuneration policy must ensure that a

significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.

• **Appointment criteria and qualifications:**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
3. The Company may appoint or continue the employment of any person as Managing Director/Whole-time Director/ Manager who has attained the age of seventy years and the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
4. Every whole-time Key Managerial Personnel of the Company shall be appointed by means of a resolution of the Board containing the terms and conditions of the appointment, including the remuneration. Provided that the appointment of managing director/whole time director/ manager shall require approval of shareholders as per the provisions of the Companies Act, 2013.
5. A whole time KMP shall not hold office in more than one company except in its subsidiary company, if any, at the same time. However, such KMP can be a director of any Company with the permission of the Board.
6. The Managing Director or Manager of the Company may be the Managing Director or Manager of one and not of not more than one other Company and such appointment should be approved by a resolution passed at a meeting of the Board with the consent of all the directors present at the meeting and of which meeting, and of the resolution to be moved thereat, specific notice has been given to all the directors then in India.

• **Term / Tenure:**

1. Managing Director/Whole-time Director:

- The Company shall appoint or re-appoint any person as its Managing Director or Whole Time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special

resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

3. Key Managerial Personnel (KMP)-

If the office of any whole time KMP is vacated, the resulting vacancy shall be filled up by the Board at a meeting of the Board within a period of six months from the date of such vacancy.

• **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, at regular interval (yearly).

• **Removal:**

Due to reasons for disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of any Act, rules and regulations, their service contract or evaluation of their performance.

• **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company subject to such approvals, as may be required in this regard.

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTORS, DIRECTORS, KMP AND SENIOR MANAGEMENT PERSONNEL

1. The remuneration / compensation / commission etc. to the Managing Director/Whole-time Directors and Directors will be determined by the Committee. It shall be fixed as per the statutory provisions of the Companies Act, 2013 and the rules made there under for the time

being in force and in accordance with and subject to the relevant provisions of the Articles of Association of the Company. The Committee shall recommend the remuneration / compensation / commission etc. to be paid the Managing Director/Whole-time Director and Directors to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

2. Increments to the existing remuneration / compensation structure of Whole time Director and Directors may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of managerial person.

3. The Non- Executive / Independent Directors may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.

4. Commission to Non-executive Directors may be paid within the monetary limit approved by shareholders, as per the applicable provisions of the Companies Act, 2013.

5. The remuneration / compensation / commission etc. to the KMP and Senior Management Personnel will be determined based on the Company's financial position, trends and practices on remuneration prevailing in peer companies, in the industry to which the company belongs and performance of such KMP and Senior Management Personnel.

6. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

7. An Independent Director shall not be entitled to any stock option of the Company.

The full or key features of this policy shall be included in the Board's Report.

Deepak Industries Limited

Disclosure pursuant to rules 5(1) of the Companies (Appointment and Remuneration of managerial Personnel) Rules, 2014

Sr. No.	Requirement of Rule 5(1) for the Financial Year 2019-20	Details
i.	The ratio of remuneration of each director to the median remuneration of the employee of the company for the financial year.	Shri Pradip Kumar Daga, CMD does not receive any remuneration from the Company. Shri Yashwant Kumar Daga, VCJMD: 42.53:1 Other Directors: (Receiving sitting fees and Commission) Shri Anand Prasad Agarwalla-1.49:1 Shri Sujit Sujit Chakravorti-1.43:1 Smt Meera Dokania-1.48:1
ii.	The Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or manager, if any, in the financial year	<u>Director</u> Shri Yashwant Kumar Daga, VCJMD-57.15% Other Directors- N.A (as they do not receive monthly remuneration) Key Managerial Personnel Shri Maneesh Khanna, CFO- Nil Shri Vithal Das Mall, Company Secretary- Nil Manager: Not applicable as the company does not have a Manager.
iii.	The Percentage increase in the median remuneration of employee in the financial year.	0.013%
iv.	The Number of permanent employee on the roll of the Company.	951 as on 31/03/2020.
v.	Average percentile increase already made in the salaries of employees other than the Managerial Personnel in the last Financial year and its comparison with percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average salary increase of non-managerial employees is 5.05%, Average salary increase in managerial personnel is about 45.15% There are no exceptional circumstances in increase in managerial remuneration.
vi.	Affirmation that the remuneration is as per the remuneration policy of the Company.	Remuneration paid during the year ended 31/03/2020 is as per the Remuneration Policy of the Company.

Annexure-IV-B

Details of the remuneration drawn by the employee in receipt of the remuneration of Rs.102 lakhs per annum or Rs. 8.50 lakhs per month.

S. No	Name of the employee	Designation of the employee	Remuneration received	Nature of employment, whether contractual or otherwise ;	Qualifications and experience of the employee	Date of commencement of employment	Age of such employee	Last employment held by such employee before joining the company	Percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:
1	Yashwant Kumar Daga	Joint Chairman-cum-Vice Managing Director	Rs.12145230/-	Contractual	B.com (Hons)	15/11/2014	59 years	No	13.25%	Yes, Son of Shri Pradip Kumar Daga, CMD

Note: No other employee draws remuneration exceeding the remuneration of Shri Yashwant Kumar Daga.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This report forms the part of Board Report for the year ended 31st March, 2020.

OVERALL REVIEW AND INDUSTRY STRUCTURE AND DEVELOPMENT.

Indian economy has grown at about 4.2% in the year 2019-20 against the estimated growth of 5% and the GDP growth has been consistently revised lower and now stands at about 2% in the year 2020-21. India's fiscal deficit settled at 3.8 percent in 2019-20 and will be targeted at 3.5 percent in 2020-21. The government has initiated several measures for ease of doing business in India by which the Indian ranking has improved which is currently 63. Make in India initiative of the current government is showing result but there is lack of bulk capacity green field projects particularly in production and manufacturing sector. The current unpredictable situation of the covid-19 has affected all the segments of the economy and industry and the time to time stimulus by the government is encouraging. However its disruptive effect in the current year shall be long felt. There has been some relief to the banks under the Bankruptcy code in terms of recovery but the bank had to undertake a good amount of write offs eroding their capital which has been partly made good by the government capitalisation programme followed by the mergers in the banking sector. The vehicle industry has suffered a lot in terms of the sales in the year 2019-20. The heavy industry has not shown encouraging growth. The reform in the agri sector is yet to materialise in terms of benefits to the farmers.

BUSINESS SEGMENTS

The Industrial gear segment has not shown any growth in the current year and the performance of this sector shall be subdued.

The auto gear industry dependent on the transport automobile and tractor manufacturing has shown negative growth and the growth in the current year will be largely subdued.

OPPORTUNITY AND THREATS

However the growth in the commercial vehicles is expected to be poor. Your company's investments in manufacturing capacity made in the recent years will reap benefits in the year to come.

Generation of solar power will be satisfactory.

FINANCIAL PERFORMANCE

This has already been discussed in the Board Report and further segment performance can be looked in the segment information part of the notes to the financial statement.

The Impact of covid-19 is contained in the note to the financial statement of the Company.

In the preparation of the financial results the Company has not followed a treatment different from that followed under accounting standard.

Details of the significant changes (i.e the change of 25% or more as compared to immediately previous financial year) in the key financial ratios along with the detailed explanations thereof.

Ratios	2019-20	2018-19	% Change	Detailed explanation if more than 25%
Debt Equity ratio	0.27	0.40	31.49%	This ratio has improved by more than 25% due to increase in the retained earnings in the current financial year.

OUT LOOK

The current year outlook is not encouraging.

RISK AND CONCERNS

The company has made sufficient investment in both the segments and requires skilled man power to operate the latest technology machines. Increased power cost, higher transaction cost, high cost of labour continues to hinder the progress. Competition from peers continues to be intensifying.

INTERNAL CONTROL SYSTEM AND ADEQUACY.

The Company has adequate internal control systems and procedures commensurate with the size and nature of business ensuring that the assets and resources are used reasonably and are adequately protected and all the internal policies and statutory guidelines are complied with.

HUMAN RESOURCES AND INDUSTRIAL RELATION

The industrial relations continue to be cordial as the Company continues to lay emphasis on employee's development at all levels. There are 951 employees in the Company as on 31.03.2020.

Cautionary Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Governments regulations, tax laws and other incidental factors. The Company assumes no responsibility in respect of forward looking statements that may be revised or modified in the future on the basis of subsequent developments, information of events.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Governments regulations, tax laws and other incidental factors. The Company assumes no responsibility in respect of forward looking statements that may be revised or modified in the future on the basis of subsequent developments, information of events.

DEEPAK INDUSTRIES LIMITED**REPORT ON THE CORPORATE GOVERNANCE FOR THE YEAR ENDED 31st MARCH, 2020**

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

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The essence of Corporate Governance is about maintaining the right balance between economic, social, individual and community goals. The Company is committed to implement sound corporate governance practices with a view to promote transparency and to create value for consumers, shareholders employees and national economy. It is our responsibility to protect the rights of our shareholders and disclose timely, adequate and accurate information regarding our financials and performance, as well as the governance of the Company.

(I) BOARD OF DIRECTORS**COMPOSITION, OUTSIDE DIRECTORSHIPS, AND ATTENDANCE AT THE BOARD MEETING**

As on 31st March 2020, in compliance with the Listing Regulations, the Company's Board of Directors headed by Executive Chairman, Shri Pradip Kumar Daga, comprised and an Executive Vice Chairman cum Joint Managing Director (VCJMD) and three other Independent Non-executive Directors, including a woman Independent Director. In compliance with Listing Regulations, more than fifty percent of the total numbers of Directors are Independent Directors.

The information with regard to Composition and attendance of Board of Directors in Board Meetings and the last Annual General Meeting, outside Directorships and other Memberships of Board Committees as on 31st March 2020 as applicable is given hereunder –

Name of Director [DIN]	Category of Directorship	No. of Directorship in other Companies*	No of Committees Membership(s)/ Chairmanship(s) in Board Committees of other Companies@		Names of the listed company where the person is a Director and category of Directorship	No of Shares and convertible instruments held in the Company. (The Company has no convertible instruments)
			As a Member	As a Chairman		
Shri Pradip Kumar Daga	Promoter Non-Independent	3	nil	Nil	1.Deepak Industries Limited-(CMD)	207700

Chairman-cum- Managing Director [00040692]	Executive Director				2.Deepak Spinners Limited-(CMD)	
					3.Longview Tea Company Limited- (Non Executive)	
Shri Yashwant Kumar Daga, Vice- Chairman- cum- Joint Managing Director [00040632]	Promoter Non- Independent Executive Director	10	9	Nil	1.Deepak Industries Limited- (VCJMD)	524313
					2.Deepak Spinners Limited-(Non Executive)	
					3.Longview Tea company Limited (Non Executive)	
					4.Magadh Sugar & Energy Limited (Independent)	
					5.HGI Industries Limited (Independent)	
					6.Mint Investments Limited- (Independent)	
Shri Sujit Chakravorti [00066344]	Independent Non- Executive Director	5	0	3	1.Deepak Industries Limited- (Independent)	Nil
					2.Duroply Industries Limited (Independent)	
					3.Webfil Limited(Non Executive)	
Shri Anand Prasad Agarwalla [00312652]	Independent Non- Executive Director	Nil	Nil	Nil	1.Deepak Industries Limited(Independent)	Nil
Smt Meera Dokania [07094376]	Independent Non- Executive Director	Nil	Nil	Nil	1.Deepak Industries Limited (Independent)	Nil

- *Excludes Directorship in Deepak Industries Limited, alternate Directorship, Directorship in foreign Companies and Companies formed under section 8 of the Companies Act, 2013.
- @Committee positions only of Audit Committee and Stakeholders Relationship Committee in Listed Public Companies have been considered (excluding Deepak Industries Limited).
- The board is constituted of the two Promoters Executive Directors and three Non-Executive Independent Directors.
- None of the Directors held Directorship in more than 20 Indian companies, with not more than 10 public limited companies.
- None of the Directors is a member of more than 10 committees or chairperson of more than 5 committees across all the public limited companies in which he/she is a Director. As per Listing Regulations, only memberships of Audit Committee and Stakeholders Relationship Committee have been taken into consideration for the purpose of ascertaining the limit.
- All the Independent Directors except Shri Sujit Chakravorti are below the age of seventy five years.
- In the opinion of the Board, all the Independent Directors fulfil the conditions specified in the Listing Regulations and are Independent of the Management.
- There has been no change in the Independent director during the year.
- Shri Yashwant Kumar Daga is son of Shri Pradip Kumar Daga.
- Familiarisation programme inducted to the Independent Director are disclosed on the website of the Company in the Investors relation section at <http://www.dil-india.com/familiarisation.html>.

CORE SKILLS/ EXPERTISE/COMPETENCE OF THE BOARD OF DIRECTORS IN THE CONTEXT OF ITS BUSINESSES AND SECTORS

The Company requires skill in the engineering for the gear transmission equipments for manufacture of various types of gears required in Steel. Power, sugar, cement and other heavy engineering units and automobile gears and solar power generation followed by accounts, marketing, legal and administration and all of these skills are available to the Board through the five experienced members of the Board.

Skills / expertise /competencies	Description	Availability	Names of the directors who have such skills
Strategy and planning	<ul style="list-style-type: none"> - Ability to think strategically, - identify and assess opportunities and threats - Develop strategies in the context of the company's objectives, policies and priorities 	Yes	All the directors except Smt Meera Dokania
Policy Development	<ul style="list-style-type: none"> - Ability to identify key issues and opportunities for the Company and 	Yes	All the directors except

	- develop policies to guide operations of the Company		Smt Meera Dokania
Governance, Risk and Compliance	- Experience in the application of corporate governance principles in a Company, - Ability to identify key risks to the Company in different areas including legal and regulatory compliance	Yes	All the directors except Smt Meera Dokania
Financial Performance	- Qualifications and experience in accounting and/or finance and - the ability to analyze key financial statements, critically assess financial viability and performance - ability to contribute to strategic financial planning	Yes	All the directors
Government Relations (policy & process)	- Experience in managing government relations and industry advocacy strategies	Yes	All the directors
Commercial Experience	- A broad range of commercial / business experience, preferably in the small to medium enterprise context, in areas including communications, marketing, business systems, practices and improvement.	Yes	All the directors
Marketing and communications	- Experience in and thorough understanding of communication with industry groups and end users.	Yes	All the directors except Smt Meera Dokania

- The Board hereby confirms that in its opinion the three Independent Directors fulfil the conditions specified in these regulations and are independent of the management.
- No Independent Director resigned during the year.
- The Company does not have any stock option scheme.

BOARD MEETINGS

Dates for the Board meeting are decided well in advance and communicated to the Directors. The Agenda along with the notes are sent at least seven days in advance to the each Board Member.

The Board of Directors met six times during the year on 02/05/2019, 29/05/2019, 10/08/2019, 11/11/2019, 14/02/2020 and 06/03/2020 respectively.

Name of the Director	No. of Board Meeting Attended	Attended last AGM held on 17/09/2019
Shri Pradip Kumar Daga	5	No
Shri Yashwant Kumar Daga	5	Yes
Shri Sujit Chakravorti	5	Yes
Shri Anand Prasad Agarwalla	6	Yes
Smt Meera Dokania	6	Yes

Shareholding of the Non-Executive Directors in the Company as on 31st March, 2020:-

Name of the Director	No of equity shares held as on 31st March, 2020
Shri Sujit Chakravorti	Nil
Shri Anand Prasad Agarwalla	Nil
Smt Meera Dokania	Nil

The information as required under Schedule-II of SEBI (LODR), Regulations, 2015 as amended is made available to the Board.

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

The Company has adopted Code of Conduct and Ethics for Directors and Senior Management Personnel of the Company. The said Code of Conduct is available on the website of company in the Investors Relations section. The Company has received confirmations from the Directors as well as Senior Management Personnel regarding Compliance of Code of Conduct and Ethics during the year under review. In addition to this a separate Code of Conduct for dealing in equity shares in the Company is also in place and has been complied with.

Shri Yashwant Kumar Daga, Vice Chairman-cum- Joint Managing Director has given a certificate to the Board of Directors in pursuance of SEBI(LODR) Regulations, 2015

DECLARATION BY THE CEO UNDER SEBI (LODR) REGULATIONS,2015 REGARDING ADHERENCE OF THE CODE OF CONDUCT.

In accordance with SEBI (LODR) Regulations 2015, I hereby confirm that all the Directors, KMP and the Senior Management personnel of Deepak Industries Limited have affirmed compliance to Code of Conduct and Ethics framed by the Company for the Financial Year ended 31.03.2020.

Kolkata .28/07/2020

Yashwant Kumar Daga
Vice-Chairman-cum- Joint Managing Director

(II) AUDIT COMMITTEE

The Audit Committee comprises of three Directors, namely Shri Anand Prasad Agarwalla, Chairman, Shri Yashwant Kumar Daga, VCJMD and Smt Meera Dokania,

as Members. The Members have adequate knowledge of accounts and financial matters. The Secretary of the Company acts as a Secretary of the Committee.

The role of Audit Committee includes –

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

The terms of reference of the Audit Committee are in conformity with the requirements with the /SEBI(LODR) Regulations, 2015 and the Companies Act, 2013. The audit committee inter-alia reviews annual and quarterly financial statements, accounting policies, system of internal controls, reports of internal auditors, Related party transactions, recommend the appointment of statutory auditors, internal auditors, appointment of Chief Financial Officer, and ensuring of compliance with stock exchanges and other legal requirements.

The Audit Committee met four times during the year respectively on 29/05/2019, 10/08/2019, 11/11/2019 and 14/02/2020. The attendance of each members of the committee is given below. Statutory and Internal Auditors also attended the meeting on the invitation of the Chairman of the meeting.

Name of the Member	No of Meetings held	No of Meetings attended
Shri A.P. Agarwalla	4	4
Shri Yashwant Kumar Daga	4	4
Smt Meera Dokania	4	4

(III) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of three Directors, namely Shri Anand Prasad Agarwalla, Chairman, Shri Sujit Chakravorti, and Smt Meera Dokania, as Members.

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

The role of Nomination and Remuneration Committee includes –

- Formulation of criteria for determining qualifications, positive attributes and independence of a Director ;
- Recommending to the Board a policy relating to the remuneration for Directors, Key Managerial Personnel and other employees;

- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of their appointment and removal.
- Whether to extend or continue the term of appointment of the Independent Director on the basis of the report of performance evaluation of Independent Directors.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

The Nomination and Remuneration committee inter-alia formulates the criteria for determining qualification, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and Senior Management Personnel and other employees, identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry evaluation of every Director's performance.

The Nomination and Remuneration Committee met one time during the year on 29/05/2019.. The attendance of each members of the committee is given below.

Name of the Member	No of Meetings held	No of Meetings attended
Shri A.P. Agarwalla	1	1
Shri S. Chakravorti	1	1
Smt Meera Dokania	1	1

The Remuneration policy of the Company is annexed with the Board's report which may please be referred to. Chairman of the Nomination and Remuneration Committee attended the last AGM.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

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

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

(IV) DETAILS OF REMUNERATION PAID TO DIRECTORS (01/04/2018 to 31/03/2020)

The Executive Vice-Chairman-cum-Joint Managing Director is paid remuneration approved by the Board and shareholders and other Non-Executive Directors are paid

sitting fees for attending the meetings of the Board and Committee and also commission approved by the Board of Directors from time to time.

Name of Director	Salary	Benefits	Total	Rs.		
Yashwant Kumar Daga, (Vice-Chairman-cum-Joint Managing Director	10800000	1345230	12145230	Executive Compensation consists of fixed salary; no variable payment is made to the Director. The current contract is for a period of five years with effect from 15/11/2019 to 14/11/2024. The notice period is three months No stock option has been issued		
	Sitting Fees					Commission paid during the year (for FY 2018-19) (Provided for FY 2019-20)
	Board Meeting	Audit Committee Meeting	Stakeholders Relationship committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee	
Smt Meera Dokania	60000	8000	4000	2000	-	350000 (350000)
Shri A.P. Agarwalla	60000	8,000	4000	2000	4000	350000 (350000)
Shri S. Chakravorti	50000	-	4000	2000	4000	350000 (350000)

- Non-executive Directors are paid Sitting fees of Rs. 10000/-for attending each meeting of the Board and Rs.2000/- for attending each meeting of Committee and commission on net profits of the Company as recommended by the Nomination and Remuneration Committee and approved by the Board.
- No stock option is available to any of the Directors.
- The service contract of the Executive Director is initially for five years and notice period is three months without any severance fees except the retirement benefits as may be determined by the Board at the time of retirement. There is only fixed components of the salary for Executive Directors.

- During the year the Company has paid Rs 54000/- as professional fees to Shri Anand Prasad Agarwalla, Advocate, Director of the Company and Rs.nil to his son Shri Niraj Agarwalla, Advocate,. The payments to them were at arm's length price and in the ordinary course of business. There were no other than above pecuniary relationships or transactions of the Executive and Non -Executive Directors vis-a-vis the Company.

(V) STAKEHOLDERS RELATIONSHIP COMMITTEE

The Committee comprises of three Non-Executive Independent Directors namely, Smt Meera Dokania as Chairman, Shri Sujit Chakravorti, Shri A.P. Agarwalla as members and. Shri Vithal Das Mall, Secretary of the Company acts as the secretary of the committee. The Compliance Officer of the Company is Shri Vithal Das Mall, Company Secretary.

The Committee deals with the shareholder's complaints and grievances etc. As per the Certificates furnished by the Registrar & Share Transfer Agents M/S Maheshwari Datamatics Private Limited, the Company did not receive any Investors complaints during the year ended 31st March, 2020 and there were no pending complaints as on 31st March, 2020.

The committee met two times during the year on 11/11/2019 and 14/02/2020 in which all the Committee members were present.

(VI) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Board of Directors of the Company have constituted a Corporate Social Responsibility (CSR) Committee of the Board comprising three Directors Shri Pradip Kumar Daga as Chairman, Shri Anand Prasad Agarwalla, and Shri Sujit Chakravorti as members and Shri Vithal Das Mall acts as Secretary of the Committee.

The Board on the recommendation of the Committee has framed a CSR policy which has been hosted on the company website in the Investors Relation section at <http://www.dil-india.com>.

The Committee held two meeting on 29/05/2019 and 14/02/2020 in which all the committee members were present.

(VII) MEETING OF THE INDEPENDENT DIRECTORS

One separate meeting of the Independent Directors was held on 03/02/2020 in which all the Independent Directors were present to review the performance of the Non-Independent Directors and the Board as a whole with the performance of the Chairman of the Company and also to assess the quality, quantity and timeliness of flow of information between the Company management and the Board as per Para VII of schedule IV of the Companies Act, 2013.

(VIII) SHARE TRANSFER SYSTEM

Share transfer documents are registered and certificate returned within prescribed time from the date of receipt, if the documents are clear in all respects as per provisions of LODR. The transfers are approved by the Secretary/Director of the Company in consultation with the Managing Director and/or by the Board.

There was no pending request for share transfer etc. as on 31st March, 2020.

(IX) SUBSIDIARY COMPANIES

The Company does not have any subsidiary, associate and joint venture company.

(X) FAMILIARISATION PROGRAMME

The Board has framed a familiarisation programme to familiarise the Independent Directors their roles, rights, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company etc through the various programmes..

The Familiarisation programmes have been disclosed on the company's website in the Investors Relations section at <http://www.dil-india.com/familiarisation.html>.

(XI) ANNUAL GENERAL MEETINGS

Location, date and time for last three Annual General Meetings were as follows:

Year	Location	Date	Time	No. of Special Resolution Passed
2017-18	16, Hare Street, Kolkata-700 001	10/08/2017	1.00 P.M	1
2018-19	-do-	14/09/2018	2.00 P M	4
2019-20	-do-	17/09/2019	2.00 P M	3

i) Five Special Resolutions were passed during last three Annual General Meetings.

Date	Special Resolution Matter
10/08/2017	Removal of the promoter entity from promoter category in the shareholding pattern
14/09/2018	Special resolution to borrow in excess of the paid up capital and free reserves and share premium account by Rs.300 crores
14/09/2018	Special resolution for mortgaging and /or charging all or any of the moveable and immovable properties both present and future upto the amount lent by the lenders
14/09/2018	Special Resolution for re-classification of he promoters
14/09/2018	Special resolution for re-appointment of Shri Pradip Kumar Daga as Chairman-cum managing Director of the Company
17/09/2019	Special Resolution for re-appointment of Shri Sujit Chakravorti despite of attaining the age of 75 years for another period pf five years from 01/10/2019 to 30/09/2024
17/09/2019	Special Resolution for re-appointment of shri Anand Prasad Agarwalla for another period pf five years from 01/10/2019 to 30/09/2024.
17/09/2019	Special Resolution for payment of Commission to Non-executive directors within the ceiling limit of 1% of the net profit of the Company.

- ii) No Special Resolution was passed through the postal ballot during the year.
- iii) No Special Resolution is proposed to be conducted through postal ballot in the ensuing Annual General Meeting of the Company. However, for other special resolutions, if any, in the future, the same will be decided at the relevant time.
- iv) Procedure for postal ballot, if any, is as per the provisions contained in this behalf in the Companies Act, 2013 and rule made there under namely The Companies (management and Administration) Rules, 2014, as amended, are followed.

(XII) MEANS OF COMMUNICATION

There is no practice to send half-yearly report to each shareholder. Company is regularly publishing all its quarterly, half yearly and yearly results in print media in English Business Standard and local language in Sukhabar which are widely circulated in West Bengal as well as nationally.

The Company has a website www.dil-india.com to display the quarterly results and other information as required under the listing agreement. No presentation have been made to Investors Relations/Analysts and stakeholders of the Company.

(XIII) GENERAL SHAREHOLDERS INFORMATION

i) Date, time and venue of forthcoming AGM	Tuesday, the 29 th September, 2020 at 12.00 Noon at 16, Hare Street, Kolkata-700 001
ii) Financial Calendar	2020-2021 (Tentative)
First unaudited Quarterly Results	Middle of August,2020
Second unaudited Quarterly Results	Middle of November,2020
Third unaudited Quarterly Results	Middle of February, 2020
Audited yearly Results for the year ended 31 st March,2021.	Before end of May, 2021
iii) Annual Book Closure dates	23/09/2020 to 29/09/2020 (both days inclusive)
iv) Payment of Dividend	Interim Rs.5/- per share for the year 2019-20 and no final dividend.
v) Listing on Stock Exchanges	The Calcutta Stock Exchange Limited 7, Lyons Range, Kolkata, West Bengal 700001
vi) Annual listing fee	Listing fee has been paid upto and for the year 2020-2021.
vii) ISIN No. of the Company :	INE 485J01016
viii) Stock Code in Calcutta Stock Exchange	10014084

MARKET PRICE DATA

There has been no trading of the Company's share during the year on The Calcutta Stock Exchange.

REGISTRAR AND TRANSFER AGENT

The Company has appointed M/s. Maheshwari Datamatics Pvt. Ltd., Kolkata, as Registrar and Share Transfer Agent for Company's securities held in physical as well as in electronic mode.

The address and contact details of RTA are as below:

Maheshwari Datamatics Pvt.Ltd, 5th floor, 23, R N Mukherjee Road, Kolkata – 700 001,
Phone: 033-2243-5809; 2243-5029, 2248-2248 Fax: 033-2248-4787 E-mail:
mdpldc@yahoo.com Website: www.mdpl.in

SHAREHOLDING DETAILS OF COMPANY

Shareholding Pattern of Company as on 31st March, 2020

Category	No. Of Shares Held	% of Total Paid up Capital
Promoters & Promoters Group	2732044	69.05
Financial Institutions & Banks	142188	3.59
Bodies Corporate including clearing Member	689964	17.44
Resident Individual	392237	9.92
Mutual Funds	NIL	NIL
NRIs/OCBs	NIL	NIL
Insurance Companies	NIL	NIL
TOTAL	3956433	100.00

Distribution of Shareholding by category as on 31st March, 2020

From	To	No of Shares held	% of total paid-up capital	No of Shareholders	% of Total No of Shareholders
Up to	500	3875	0.0979	32	42.6667
501	1000	12018	0.3038	17	22.6667
1001	2000	8723	0.2205	8	10.6667
3001	4000	3596	0.0909	1	1.3333
5001	10000	24577	0.6212	4	5.3333
Above	10000	3903644	98.6657	13	17.3333
	Total	3956433	100.0000	75	100.0000

DEMATERIALIZATION AND TRADING OF SHARE ON STOCK EXCHANGE

The Company is pleased to inform that shares of the Company are available for dematerialization with NSDL as well as with CDSL. The equity shares of the Company are under compulsory demat trading for all categories of Investors Relations. As on 31st March, 2020, 3942933 comprising 99.69% of the equity capital stood dematerialized.

The Company has not issued any GDRs / ADRs/ Warrants or any Convertible instruments, which may have likely impact on Equity shares of the Company.

COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES.

There is basically no commodity price risk as the same is taken care of at the time of quotation of the enquiry of the order and also the Company does not take long period supply orders. Foreign exchange risk and hedging activities are taken care of by forward contracts.

PLANT LOCATION

- i) 62, Hazra Road, Kolkata-700 019
- ii) 14/7, Mathura Road, Faridabad (Haryana)
- iii) Plot no. 62, Sector -11, Rudrapur Dist Udham Singh Nagar, Uttranchal.
- iv) Village: Rojhani, Dist: Shajapur, MP. (Solar Plant)
- v) Plot. No. 292, Sarve 75 & 80, Belur Industrial Area, Dharward, Karnataka
- vi) Village-Bhagola, Bhagola Delvi Road, Tehsil & district-Palwal-121 102

ADDRESS FOR CORRESPONDENCE

Deepak Industries Limited, 16, Hare Street, Kolkata-700 001 Phone Numbers: 033-2248-2391/2/3, Fax: 033-2248-9382 E-mail: secretary@dil-india.com Website: www.dil-india.com.

ALL CREDIT RATINGS OBTAINED BY THE ENTITY

The company has not issued any debt instruments or raised any fixed deposits and the Company has no proposal to mobilise funds through such schemes whether in India or abroad. The Credit rating obtained by the company from ICRA for long term rating for relevant line of credit as [ICRA] AA- (Pronounced as ICRA double A Minus) and Short term rating for the relevant line of credit as [ICRA] A1+ (Pronounced as ICRA A one plus) vide letter dated 04/11/2019.

(XIV) DISCLOSURES

- i) All related party transactions have been entered into the ordinary course of business and were placed periodically before the audit committee in summary form including transactions for which omnibus approval of the Audit Committee was taken. There were no material individual transactions with related parties which were not in the normal course of business required to be placed before the audit committee and that may have potential conflict with the interest of the Company at large. All individual transactions with related parties or others were on arm's length basis. Details of related party transactions during the year ended the 31st March, 2020 have been set out under an appropriate note in Schedule to the Annual Accounts of the Company for the year ended 31st March, 2020. The policy on related part transaction is available on the website of the Company www.dil-india.com.
- ii) All Accounting Standards mandatorily required have been followed without exception in preparation of the financial statements.

- iii) Procedure for assessment of risk and its minimisation have been laid down by the Company and reviewed by the Board. These procedures are periodically reassessed to ensure that executive management controls risks through means of a properly defined framework.
- iv) The Company has fully complied with all the requirements of regulatory authorities on Capital Markets and consequently, no penalties/ strictures have been imposed against it during the last three years.
- v) The Company has adopted a Vigil Mechanism Policy which has been put on the website of the Company in the Investors Relations section at http://www.dil-india.com/investors/DIL_Vigil_Mechanism.pdf and no personnel have been denied access to the Audit Committee. Shri Vithal Das Mall, Company Secretary has been appointed as Vigil Officer under the said policy.
- vi) There has been no non-compliance by the Company during the year and no penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter relating to the capital markets during the last three years.
- vii) Management Discussion and Analysis is a part of Annual Report. Shareholders information section forms part of the Annual Report
- viii) There were no financial and commercial transactions by Senior management as defined in SEBI (LODR) Regulations, 2015 where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company and that the same has been confirmed by all the Senior Management.
- ix) Reconciliation of Share Capital Audit is carried out by Practicing Company Secretaries on quarterly basis to reconcile the total admitted paid-up capital with National securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) with the total issued and paid-up capital. The reconciliation audit confirms that the total issued and paid up capital is in agreement with the total number of shares in physical form and total number of dematerialized shares held with NSDL and CDSL.
- x) The Company has complied with all the mandatory requirement of SEBI (LODR) Regulations, 2015 e.g., Constitution of the Board, Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, and a report on the Compliance report on the Corporate Governance is submitted to the stock Exchange every quarter. The Company has not adopted the non-mandatory requirements of SEBI (LODR) Regulations, 2015.
- xi) The Company has obtained a certificate from Shri Pravin Kumar Drolia, Practising Company Secretary that none of the Directors on the board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the SEBI/Ministry of Corporate Affairs or any such authority.

- xii) No complaints have been filed under the Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the financial year and no complaints are pending as on the end of the financial year.
- xiii) The Company has not been required to open any demat suspense account and specified disclosures are not applicable to the Company.
- xiv) The Company has not issued any shares in the Company in the year 2019-20.

xv) Details of total fees paid to statutory auditors

The details of total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part are as follows:

Type of Service	For FY 2019-20	Remarks
Audit Fees	1000000	The Company has no subsidiaries.
Others	625000	
Total	1625000	

(XV) DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT.

There were no undelivered shares with the Company to be eligible for transfer to the demat suspense account or unclaimed suspense account and no report thereon is required to be given by the Company/

(XVI) NON-MANDATORY REQUIREMENT

1. The Board
The Company has an executive Chairman
2. Shareholders' Right
Half yearly financial results including summary of the significant events in the last six months are presently not being sent to shareholders of the Company.
3. Audit Qualification
There are no qualifications in the Auditor's report on the financial statements to the Shareholders of the Company.
4. Separate Post for Chairman and CEO
Presently, the Company has a executive Chairman.
5. Reporting of Internal Auditor
Internal Auditors are invited to the meeting of Audit Committee wherein they interact directly with the Committee.

(XVII) DISCLOSURES OF THE COMPLIANCES SPECIFIED IN REGULATION 17 TO 27 AND CLAUSES (b) TO (i) OF SUB REGULATION (2) OF REGULATION 46 OF SEBI(LODR) REGULATIONS, 2015

The Company is in compliance with all the regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 except the regulation 24 which is not applicable to the Company as the Company has no subsidiary.

(XVIII) CEO AND CFO CERTIFICATION

The Vice Chairman –cum- Joint Managing Director, that is, the Chief Executive Officer (CEO) and CFO gives the annual certification on the financial reporting and internal controls to the Board in terms of SEBI (LODR) Regulations, 2015. The CEO and CFO also give quarterly certification on the financial results while placing the financial results before the Board in terms of SEBI (LODR) Regulations, 2015.

The Board of Directors at their Meeting held on 28th July, 2020 adopted the above Report

DROLIA & COMPANY
(Company Secretaries)
9, Crooked Lane, Kolkata - 700069
Mobile: 09831196869; Email: droliapravin@yahoo.co.in
CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members of M/s Deepak Industries Limited,
16, Hare Street, Kolkata 700001

I have examined the relevant records of M/s Deepak Industries India Limited (“The Company”) having registered office at 16, Hare Street, Kolkata 700001 for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (LODR) Regulations, 2015 for the financial year ended 31st March 2020. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the aforesaid regulations, 2015.

FOR DROLIA & COMPANY
Company Secretaries

Pravin Kumar Drolia
Proprietor
FCS: 2366
C.P.No.: 1362

Place: Kolkata
Date: 28-07-2020

28/07/2020

The Board of Directors,
Deepak Industries Limited
16, Hare Street,
Kolkata-700 001

Dear Sirs,

Re: Yearly declaration of the Compliance of the code of conduct the ethics by the Directors, KMP and senior management personnel of the Company.

In accordance with SEBI(LODR) Regulations 2015, I hereby confirm that all the Directors, KMP and the Senior Management personnel of Deepak Industries Limited have affirmed compliance to Code of Conduct and Ethics framed by the Company for the Financial Year ended 31.03.2020.

Thanking you,

Yours faithfully
For Deepak Industries Limited

Yashwant Kumar Daga
Vice-Chairman-cum-Joint Managing Director
DIN No.00040632

Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
Custodian of Enemy Property	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies-D R	-	-	-	-	-	-	-	-	-
Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
NBFCs registered with RBI	-	-	-	-	-	-	-	-	-
Employee Trusts	-	-	-	-	-	-	-	-	-
Domestic Corporate Unclaimed Shares Account	-	-	-	-	-	-	-	-	-
Sub-total(B)(2):-	897123	185078	1082201	27.3530	1068701	13500	1082201	27.3529	-0.0001
Total Public Shareholding (B)-(B)(1)+ (B)(2)	1039311	185078	1224389	30.9468	1210889	13500	1224389	30.9467	0.0001
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	3771355	185078	3956433	100.0000	3924933	13500	3956433	100.0000	0.0000

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year [As on 01/Apr/2019]			Shareholding at the end of the year [As on 31/Mar/2020]			% change in share holding during the Year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	ASHA DEVI DAGA	604806	15.2866	0.0000	604806	15.2866	0.0000	0.0000
2	NANDINI DAGA	870625	22.0053	0.0000	870625	22.0053	0.0000	0.0000
3	YASHWANT KUMAR DAGA	524313	13.2522	0.0000	524313	13.2522	0.0000	0.0000
4	PRADIP KUMAR DAGA	207700	5.2497	0.0000	207700	5.2497	0.0000	0.0000
5	COPLAMA PRODUCTS PRIVATE LIMITED	524600	13.2594	0.0000	524600	13.2594	0.0000	0.0000
	TOTAL	2732044	69.0532	0.0000	2732044	69.0532	0.0000	0.0000

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SI No	PAN	Name	Shareholding at the beginning of the year [01/Apr/19]/		Cumulative Shareholding during the year [01/Apr/19 to 31/Mar/20]	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	ADIPD1260C	ASHA DEVI DAGA				
		01/04/2019	604806	15.2866		
		06/12/2019-Transfer	-171500	4.3347	433306	10.9519
		27/12/2019	41000	1.0130	474306	11.7187
		31/12/2019	130500	3.2984	604806	15.2866
		31/03/2020	604806	15.2866	604806	15.2866
2	AHUPD8227B	NANDINI DAGA				
		01/04/2019	870625	22.0053		
		31/03/2020	870625	22.0053	870625	22.0053
3	AFYPD7477F	YASHWANT KUMAR DAGA				
		01/04/2019	524313	13.2522		
		31/03/2020	524313	13.2522	524313	13.2522
4	AGAPD8547R	PRADIP KUMAR DAGA				
		01/04/2019	207700	5.2497		
		31/03/2020	207700	5.2497	207700	5.2497
5	AABCC1046L	COPLAMA PRODUCTS PRIVATE LIMITED				
		01/04/2019	542600	13.2594		
		31/03/2020	524600	13.2594	524600	13.2594

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

SI No	Name	Shareholding at the beginning of the year [01/Apr/19]/		Cumulative Shareholding during the year [01/Apr/19 to 31/Mar/20]		PAN
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	JALPAIGURI HOLDINGS PRIVATE LIMITED					AAACJ7869D
	01/04/2019	618312	15.6280			
	31/03/2020	618312	15.6280	618312	15.6280	
2	ICICI BANK LTD					AAACI1195H
	01/04/2019	142188	3.5958			

	31/03/202	142188	3.5958	142188	3.5958	
53	KARIKISH VYAPAAR PRIVATE LIMITED					AABCK1139L
	01/04/2019	5250	0.1327			
	31/03/2020	5250	0.1327	5250	0.1327	
4	KNITWORTH LEAE FINANCE LTD *					AABCK6307J
	01/04/2019	6236	0.1576			
	31/03/ 2020	6236	0.1576	6236	0.1576	
5	PNC CAPITAL TRUST LTD.					AABCP6009J
	01/04/2019	13362	0.3377			
	31/03/2020	13362	0.3377	13362	0.3377	
6	ARIDHI VANIJYA PRIVATE LIMITED					AACCA1654M
	01/04/2018	7127	0.1801			
	31/03/2019	7127	0.1801	7127	0.1801	
7	Bhawani Freight And forwarders Pvt Ltd					AACCB2759A
	01/04/2018	5964	0.1507			
	31/03/2018	5964	0.1507	5964	0.1507	
8	PRJ FINANCE PVT.LTD.					AADCP4314Q
	01/04/2019	15601	0.3943			
	31/03/2020	15601	0.3943	15601	0.3943	
9	RISORGIMENTO INDUSTRIAL COMPANY LIMITED					AABCR4382A
	01/04/2019	13362	0.3377			
	31/03/2020	13362	0.3377	13362	0.3377	
10	Achhay lal Yadav #					ABSPY0088R
	01/04/2019	80500	2.0347			
	06/12/2019-Transfer	-80500	2.0347	0	0.0000	
	31/03/2020	0	0.0000	0	0.0000	
11	Shantanu Daga					ANXPD5470f
	01/04/2019	99850	2.2537			
	29/09/2020	99850	2.5237	99850	2.2537	
12	Ramesh Kumar Poddar #					AREPP7306H
	01/04/2019	91000	2.3001			
	27/12/2019- Transfer	91000	2.2483			
	31/12/2019- Transfer	-182000	4.6001			
	31/03/2020	0	0.0000	0	0.0000	
13	Pallavi Abhay Kanoria*					AAFPK5315D
	01-04-2019	0	0.000			
	06/12/2019-	171500	4.3347			
	31/03/202	171500	4.3347	171500	4.3347	
14	Amritesh Daga					CDDPD3191D
	01/04/2019	97425	2.4624			
	31/03/2020	97425	2.4624	97425	2.4624	
*	Not in the list of top 10 Shareholders as on 01/04/2019, The same has been reflected above since the shareholder was one of the top 10 Shareholders as on 31/03/2020					
#	Ceased be in the list of top 10 Shareholders as on 31/03/2020, The same is reflected above since the shareholder was one of the top 10 Shareholders as on 01/04/2019.					

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No	Name	Shareholding at the beginning [01/Apr/17]/end of the year [31/Mar/19]		Cumulative Shareholding during the year [01/Apr/19 to 31/Mar/20]	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
Directors					
1	PRADIP KUMAR DAGA				
	01/04/2019	207700	5.2497		
	31/03/2020	207700	5.2497	207700	5.2497
2	YASHWANT KUMAR DAGA				
	01/04/2019	524313	13.2522		
	31/03/2020	524313	13.2522	524313	13.2522
3	Other Directors				
	01/04/2019	NIL	NIL		
	31/03/2020	NIL	NIL	NIL	NIL
Key Managerial Personnel					
1	Vithal Das Mall				
	01/04/2019	0	0		
	31/03/2020	0	0	0	0.0000
	Other Key Managerial personnel				
	01/04/2019	NIL	NIL		
	31/03/2020	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment
Rs. Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
				Rs. Lakhs
Indebtedness at the beginning of the financial year				
i) Principal Amount	10589.43	501.35	-	11090.78
ii) Interest due but not paid	28.03	-	-	28.03
iii) Interest accrued but not due	0.22	-	-	0.22
Total (i+ii+iii)	10617.68	501.35	-	11119.03
Change in Indebtedness during the financial year				
• Addition				
• Reduction	2224.97	52.87		2277.84
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	8333.54	448.48	-	8782.02
ii) Interest due but not paid	59.02	-	-	59.02
iii) Interest accrued but not due	0.15	-	-	0.15
Total (i+ii+iii)	8392.71	448.48	-	8841.19

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Rs
		Yashwant Kumar Daga, VDJMD
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10800000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1345230
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	
2.	Stock Option	NIL
3.	Sweat Equity	NIL
4.	Commission	NIL
	- as % of profit	
	- others, specify...	
5.	Others, please specify	NIL
	Total (A)	12145230
	Ceiling as per the Act	5% of the net profit of the Company computed as per sec 197 and 198 of the Companies Act, 2013

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
					Rs.
		Anand Prasad Agarwalla	Sujit Chakravorti	Meera Dokania	
	1. Independent Directors				
	• Fee for attending board and committee meetings	78000	60000	74000	212000
	• Commission	350000	350000	350000	1050000
	• Others, please specify				
	Total (1)	428000	410000	424000	1262000
	2. Other Non-Executive Directors				
	• Fee for attending board committee meetings	NIL			
	• Commission	NIL			
	• Others, please specify	NIL			
	Total (2)	NIL			
	Total (B) = (1 + 2)	428000	410000	424000	1262000
	Total Managerial Remuneration	428000	410000	424000	1262000
	Overall Ceiling as per the Act	1% of the net profits of the Company computed under section 197 and 198 of the Companies Act, 2013 excluding Sitting fees within the prescribed ceiling under section 197(5) of the Companies Act, 2013.			

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel (Rs)		
		Company Secretary Vithal Das Mall	CFO Manish Khanna	Total
1.	Gross salary	540000	798000	1338000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	110000	614965	724965
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL
	- as % of profit			
	- Others, specify...			
5.	Others, please specify	NIL	NIL	NIL
	Total	650000	1412965	2062965

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	NIL	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	NIL	Not applicable	Not applicable	Not applicable	Not applicable
B. DIRECTORS					
Penalty	NIL	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	NIL	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	NIL	Not applicable	Not applicable	Not applicable	Not applicable
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	Not applicable	Not applicable	Not applicable	Not applicable
Punishment	NIL	Not applicable	Not applicable	Not applicable	Not applicable
Compounding	NIL	Not applicable	Not applicable	Not applicable	Not applicable

Information as required under Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of Energy

(i) Step Taken or Impact on Conservation of Energy during the year 2019-20

The company continues to give high priority to conservation of energy to conserve and optimize energy wherever practicable by economizing on fuel and power on a continuous basis by renovation/up/gradation in high consumption areas like lighting, Air Conditioning, heat treatment, supply power factor through additional condensers. The new machines installed and put to use are highly energy efficient

We append energy conservation measures implemented in our various units during the above period:

Faridabad

LED tube lights fittings (2 X 18 watt) 20 Nos. installed in place (2 X 28 watt) light fittings.

Installed 40 KVA UPS for quenching of Seal Quench Furnace charge and reduce the Diesel consumption.

Battery operated electric forklift of capacity 03 Ton procured and using in plant for movement of processed manufacturing parts and reduce the Diesel consumption as well as carbon foot prints.

Maintained Unity power factor of Electricity Board power supply.

Minimize the air leakage in shop floor by continuous monitoring and rectification of air leakages.

Reduce the energy consumption of machines by installation IE-3 energy efficient motor 3HP on Coniflex machine (20003), 5HP on shaving machine (18032) and 1.5 HP motor on Honing machine (21097)

Rudrapur

Quenching process to be start by UPS instead of D.G. Supply. By this step annual fuel saving (HSD) approx. 60000 liter. & reduction in CO2 footprint approx. 160602 kg. total annual saving by this project approx. Rs 30 lac.

LED Lamps used against HPMV Lamps:

250 watts street lamp replaced with 45 watts, Qty-5 No's

Continuously maintain unity power factor with help of automatic power factor control relay panel.

Two machines running with Single power pack:

Two Lorenz shaper machine connected with single power pack (1.0KW), so removed one hydraulic motor pump 1.0KW

Two Hurth plunge shaving machine connected with single power pack(1.5KW), so removed one hydraulic motor pump (1.5KW)

Two grinding machine (Studer) connected with single coolant tank by this removed 1.0 KW coolant pump & 0.5 KW separator motor.

In house team done Extensive work for compressed air leakage detection and prevention. Pneumatic solenoid valve used for automatic on/off instead of manual or direct used.

11 KW motor replaced with 5.5 KW motor in micro cutting machine.

Bhagola

Maintained Unity power factor of Electricity Board power supply.

Provided UPS 160 KVA for Continuous Gas Carburising Furnace to avoid the running of DG set during quenching operation.

Provided Energy Efficient compressed air pipe line of Legris make for Cam shaft Production line.

Installation of 112 CFM Screw air compressor make-Kaeser with 18 KW -IE-4 energy efficient motor

B). Technology absorption

i) The Efforts Made Towards Technology Absorption;

Company had introduced following technology in last few years for the product quality improvement, Faster production Development, Cost reduction

1. Straitening of Shafts,
2. Shot Peening
3. Hard Tuning
4. Gear Teeth Grinding
5. Laser Marking
6. CNC Teeth Chamfering(with Auto Part Load/Unload)
7. Quality Checking Equipment
8. CNC HOB Resharpening
9. Provided Energy efficient Bin washing machine of Karcher make.
10. Use of Robots on Turn mill centre machines.
11. Oil spinning system for oil conservation.
12. Use of multi gauging system.
13. Introduction of in process gauge with feedback system for offset correction, to get consistent quality.
14. CGCF with Robotics press quench.
15. SQF with PNG heated
16. Endo gas Generator PNG heated.
17. Chip compactor Bricketto

ii). Benefit derived

- 1). Automation in Process
- 2). Elimination of operator skill dependency
- 3). Multiple machining operations in one setup
- 4). Utilizing Latest cutting TML technology for cycle time improvement
- 5). Quality Assurance
- 6.) Energy efficient and technology up gradation.
- 7.) Reduce wastage.

iii). Imported Cases

2019-20
One Mandrill Quenching Machine -AQMP-2-250cn
One Liebherr Gear Grinding M/c Lgg-280
One Spectro X-sort Portable xrf Alloy Analys
One Cnc Gear Grinding Machine (KAPP)
One Cnc Gear Grinding Machines Model: Speed Viper-30
2017-18
Automatic Staightrner Pas/50-500kn, Cesare Galdabini s.p.a
Reneshaw Equitor 300 Guaging Syste, Reni Shaw PLC.
2016-17
Roughness Tester Make: Mahr ,Model-Marsurf Xr1
AMS-CNC Vertical Machining Center
Gear Chamfering & Deburring m/c
Precision Slant Bed CNC Chucker Model
Machine/Technology Description
Gear Grinding Machine, Viper 500W(HOFLER)
Horizontal machining Centre (BFW)

- a) Whether the technology been fully utilized: Yes
 b) If not fully absorbed: NA
 iv) Expenditure incurred on R & D (In house only, not on imported case in Last FY)
 The research and development is being carried out in house by qualified professional for development, technology up gradation.

(C) Foreign Exchange earning and outgo

The Company is making an all out effort for exports of the products and expects improved performance in export in the coming year.

(D) The Foreign Exchange earned in terms of actual inflows during the year and the foreign exchange outgo during the year in terms of actual figures

Earnings & Expenditures in Foreign Currency due for 19-20		Rs. In lakhs
a)	Earnings	
	F.O.B. Value of Export	527.47
	Tooling Advances (Other Income)	1.43
	Total	528.91
b)	Expenditure	
	Travelling	15.10
	Repairs & Maintenance	131.18
	Others	103.89
	Raw Materials (CIF)	178.98
	Stores and Spares parts (CIF)	296.21
	Plant & Machinery 313.3(CIF)	313.36
	Total	1038.72

**Independent Auditors' Report
To the Members of Deepak Industries Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the accompanying Financial Statements of Deepak Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies and Other Explanatory Notes for the year ended on that date (hereinafter referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.

Key audit Matters	Addressing the Key Audit Matters
<p>Provisions and Contingencies</p> <p>Recognition of provision and/or disclosure for contingencies are based on estimates requiring application of judgement with respect to existing facts and circumstances which are subject to variation on actual crystallization.</p> <p>The Company has long outstanding matters involving direct and indirect taxes which are</p>	<p>Our audit procedures based on which we arrived at the conclusion regarding reasonableness of the Contingent Liabilities include the following:</p> <ul style="list-style-type: none"> • We tested the effectiveness of controls for estimating the possible effect of matters keeping in view the provisions of the relevant laws and regulations;

Key audit Matters	Addressing the Key Audit Matters
<p>pending before appropriate authorities. (Note 39 of Financial Statements)</p> <p>Management judgment for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Company is essential as it is not possible to predict the outcome of pending matters with accuracy.</p>	<ul style="list-style-type: none"> • We discussed with management the recent developments and the status of the matters having significant application; • We reviewed Management’s judgements relating to the estimates keeping in view the expected outcome thereof; • Due consideration has been given to experts’ view and opinion on the matters of significance; • Reviewed the appropriateness and adequacy of amounts involved, as required in terms of the requirement of IND AS 37 “Provisions, Contingent Liabilities and Contingent Assets”.
<p>Impairment Allowances on Trade Receivables</p> <p>Gross Trade Receivable of the Company is Rs. 8671.55 Lakhs as on 31st March 2020. This includes significant amounts, which have fallen due for payment and are lying outstanding for a considerable period of time. Management has carried impairment allowances of Rs. 153.13 Lakhs (Note No. 11 of the Financial Statements)</p> <p>The Company evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment allowance as a result of the inability of the customers to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit worthiness of the trade receivables and historical write-off experience.</p>	<p>Our audit procedures based on which we arrived at the conclusion regarding the carrying amount of Trade Receivables include the following:</p> <ul style="list-style-type: none"> • We obtained an understanding from the Management, assessed and tested the design and operating effectiveness of the Company’s key controls over the recoveries against the outstanding amounts and resultant impairment assessment of material Trade Receivables; • We reviewed Management’s assessment and evaluation on the credit worthiness of the major trade receivables and historical trends and current dealing with the customers; • We further discussed with the Management the adequacy of the allowance for impairment as recorded and reviewed the supporting documents provided in relation to such assessment.
<p>Verification of Inventories and Valuation thereof</p> <p>The total inventory of the Company amounting to Rs. 4710.50 lakhs (as on March 31, 2020) (Refer note 3.10 and 10 of the Financial Statements).</p> <p>Inventories existence and valuation was an audit focus area because of nationwide lockdown imposed by the Government of India in view of pandemic coronavirus (COVID 19).</p> <p>As explained by the Management, due to COVID 19 related restriction on account of nationwide lockdown, the physical verification of the inventories could not be carried out and/or observed by us due to lockdown restrictions at the year end.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of determination of year-end inventory and valuation thereof include the following:</p> <ul style="list-style-type: none"> • Ensuring the effectiveness of the design, implementation and maintenance of controls over changes in inventory to determine whether the conduct of physical inventory verification at a date other than the date of the financial statement is appropriate and testing of those controls whether those have operated effectively. • Verification of Inventories in all units have been undertaken on a subsequent date of Balance Sheet by the management. In case of one of the units at Faridabad (holding 40.64% of total inventories)

Key audit Matters	Addressing the Key Audit Matters
	<p>physical verification was carried out in presence and supervision of an independent firm of Chartered Accountant entrusted with this responsibility. Inventories at remaining locations (holding 59.36 % of total inventories) were verified by the management and in one of the unit (holding 39.71 % of total inventories) was even attended by us.</p> <ul style="list-style-type: none"> • We have obtained and reviewed necessary evidences, working papers and documents for the physical verification carried out as above. We have also reviewed the report submitted by independent firm of Chartered Accountant with respect to such verification in case of one of the Units of the Company . We have put reliance on the reports, documents and working papers submitted to us by the management; • We have applied alternative methods of verification for arriving at Inventories as at the year-end by applying principles of roll back by carrying out relevant adjustments for receipt and issues. We performed procedures to ensure that necessary control, checks were applied in this respect and the changes in inventory between the verification date and date of the Balance sheet are properly recorded (Roll back principles). • We have verified the adjustments made for receipt and consumption to arrive at the physical stock as on March 31, 2020. Materiality for variations, discrepancies were duly adjusted. • We have examined the valuation process/methodology and checks being performed at multiple levels to ensure that the valuation is consistent with and as per the policy followed in this respect.

Information other than the Financial Statements and Auditors’ Report Thereon

The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Board’s Report including Annexures to Directors’ Report, Management Discussion and Analysis Report, Business Responsibility Report and Report on Corporate Governance, but does not include the Financial Statements and our auditors’ report thereon.

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to Financial Statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Matters

The outbreak of COVID-19 as stated in Note no. 47 of the financial statement dealing with evaluation of Impact of COVID-19 which has caused disruption in operation and physical verification and other year-end exercises, for which alternative audit procedures as required in terms of standards on auditing has been applied to obtain sufficient audit evidence on the matter. Our opinion is not modified in respect of the matter.

Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the “Annexure A”, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- ii. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e) On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control with reference to financial statements; and
- g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no. 39 of the financial statements;
 - ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.
- iii. With respect to the reporting under Section 197 (16) of the Act to be included in the Auditors' Report, in our opinion and according to the information and explanations given to us, the Remuneration (including Sitting fees) paid by the Company to its Directors during the current year is in accordance with the provisions of Section 197 of the Act and is not in excess of the limit laid down therein.

For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration No.301051E

Place: Kolkata
Date: 28thJuly,2020

Boman Parakh
Partner
Membership Number: 053400
UDIN:200534000AAAAAF5039

ANNEXURE “A” TO THE AUDITORS’ REPORT OF EVEN DATE:

The Statement referred to in paragraph i with the heading ‘Report on other legal and regulatory requirements’ of our Report of even date to the members of Deepak Industries Limited on the financial statements of the Company for the year ended 31st March 2020, we report that:

- i)
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to this program, certain fixed assets which were required could not be fully verified as per the programme amidst lockdown due to COVID-19 pandemic, however certain assets added during the year has been physically verified. According to the information and explanation given to us, no material discrepancies were noticed on such verifications. As explained such verifications will be resumed as per the phased programme in due course of time.
 - c) Based on verification of title deeds/ lease deeds produced to us by the management and according to the information and explanations given to us, in our opinion, the title deeds/ lease deeds of immovable properties are held in the name of the company.
- ii) The inventories of the Company except for materials in transit have been physically verified by the management at regular intervals. However, such verification at the year-end could not be carried out due to lock-down amidst COVID-19 pandemic. Verification of Inventories have therefore been undertaken on a subsequent date which in one of the units was attended by us and in one another unit was carried out in presence and supervision of an independent firm of Chartered Accountant entrusted with this responsibility. Inventories at remaining locations were verified by the management. The Inventories as on 31.03.2020 have been arrived at by rolling back the stock so physically verified on a subsequent date. In respect of inventory lying with third parties, these have substantially been confirmed by them. As far as ascertained, discrepancies noticed on verification between the physical stocks and the book records were not material and the same has been properly dealt with in the books of account.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties listed in the register maintained under Section 189 of the Act. Hence clause 3(iii) of the Order are not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act, with respect to the investments made. The Company has neither issued any guarantee, given any loan nor has provided any security on behalf of any party. Further according to the information and explanations given to us, the company has not entered into any transactions as referred to in section 185 of the Act.
- v) The Company has not accepted any deposits. Consequently, the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to the Company.
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company’s products to which the said rules are made applicable and are of the opinion that prima

facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

- vii) a) According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Goods and Service Tax, Service tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and other material statutory dues as applicable to it. However, according to the information and explanations given to us, there is no undisputed amounts payable in respect of these which were in arrears as on March 31, 2020 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, the details of disputed dues of income tax, sales tax, service tax, custom duty, excise duty, and Value added Tax, if any, as at March 31, 2020, not deposited on account of any dispute are as follows:

(Rs. in Lakhs)			
Name of the Statute	Nature of Dues	Amount	Forum Where dispute is Pending
Central Sales Tax Act, 1956	Central Sales Tax (F.Y 2005-06)	56.46	Pending before Kolkata High Court.
Central Sales Tax Act, 1956	Central Sales Tax (F.Y 2006-07)	51.31	Revision pending before Revision Board (State matter settled under SOD Scheme).
Central Sales Tax Act, 1956	Central Sales Tax (F.Y 2010-11)	21.33	Revision pending before Revision Board.
Central Sales Tax Act, 1956	Central Sales Tax (F.Y 2011-12)	30.75	Revision pending before Revision Board.
Central Sales Tax Act, 1956	Central Sales Tax (F.Y.2012-13)	20.88	Revision pending before Revision Board.
Central Sales Tax Act, 1956	Central Sales Tax (F.Y.2013-14)	68.07	Revision pending before Revision Board
Central Sales Tax Act, 1956	Central Sales Tax (F.Y 2014-15)	80.77	Revision pending before Revision Board.
Central Sales Tax Act, 1956	Central Sales Tax (F.Y 2015-16)	60.20	Revision pending before Revision Board.
Central Sales Tax Act, 1956	Central Sales Tax (F.Y 2016-17)	62.00	Revision pending before Revision Board.
W.B. Sales Tax Act, 1944	W.B. Sales Tax (F.Y. 2010-11)	0.88	Revision pending before Revision Board.
W.B. Sales Tax Act, 1944	W.B. Sales Tax (F.Y. 2016-17)	1.98	Revision pending before Revision Board.
Central Excise Act, 1944(Rule 14 of CENVAT Credit Rule)	CENVAT for Service Tax on Rent (F.Y. 2009-10)	2.19	Punjab and Haryana High Court, Chandigarh.
Income Tax Act, 1961	Income Tax	6.40	Commissioner of Income Tax VI (Appeals)/Kolkata.
Income Tax Act, 1961	Income Tax (Assessment Year 2013-14)	0.26	Commissioner of Income Tax VI (Appeals)/Kolkata.
Income Tax Act, 1961	Income Tax (Assessment Year 2015-16)	83.11	Commissioner of Income Tax (Appeals) 2/Kolkata.
Income Tax Act, 1961	Income Tax (Assessment Year 2016-17)	145.37	Commissioner of Income Tax (Appeals) 2/Kolkata.

- viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks and governments. As explained, the company does not have any loan or borrowings from any financial institution or any dues to debenture holders.
- ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- x) During the course of our examination of books of account carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud by the Company or on the Company by its officers or employees nor have we been informed of any such cases by the management.
- xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration No.301051E

Place: Kolkata
Date: 28thJuly,2020

Boman Parakh
Partner
Membership Number: 053400
UDIN:200534000AAAAAF5039

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in paragraph ii (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”).

We have audited the internal financial controls with reference to the financial statements of Deepak Industries Limited (“the Company”) as at March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

A Company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration No.301051E

Place: Kolkata
Date: 28thJuly,2020

Boman Parakh
Partner
Membership Number: 053400
UDIN:200534000AAAAAF5039

Deepak Industries Limited

Balance Sheet as at March 31, 2020

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	5	16,581.68	16,146.36
(b) Capital work-in-progress		68.93	18.07
(c) Intangible Assets	6	29.46	56.50
(d) Financial Assets			
(i) Investments	7	111.72	100.85
(ii) Other Financial Assets	8	251.68	186.62
(e) Other non-current assets	9	944.26	1,392.94
Total Non Current Assets		17,987.73	17,901.34
(2) Current assets			
(a) Inventories	10	4,710.50	8,304.25
(b) Financial Assets			
(i) Trade receivables	11	8,518.42	10,609.23
(ii) Cash and cash equivalents	12	900.85	96.09
(iii) Bank Balances other than (ii) above	13	14,688.46	8,663.17
(iv) Other financial assets	14	506.52	344.42
(c) Other current assets	15	426.17	731.31
Total Current Assets		29,750.92	28,748.47
Total Assets		47,738.65	46,649.81
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	16	395.64	395.64
(b) Other Equity	17	30,409.84	26,543.00
Total Equity		30,805.48	26,938.64
Liabilities			
(1) Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	1,752.33	2,249.90
(ii) Other financial liabilities	19	432.92	438.88
(b) Provisions	20	203.03	179.19
(c) Deferred Tax Liabilities (Net)	21	818.14	1,104.69
(d) Other Non-current Liabilities	22	-	0.51
Total Non Current Liabilities		3,206.42	3,973.17
(2) Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	5,877.65	7,555.84
(ii) Trade payables	24		
(a) Total Outstanding dues of micro enterprises and small enterprises		226.00	471.14
(b) Total Outstanding dues to creditors other than micro enterprises and small enterprises		3,667.54	4,155.54
(iii) Other financial liabilities	25	2,137.96	1,901.53
(b) Other current liabilities	26	1,541.28	1,407.30
(c) Provisions	27	276.32	221.67
(d) Current Tax Liabilities	28	-	24.98
Total Current Liabilities		13,726.75	15,738.00
Total Liabilities		16,933.17	19,711.17
Total Equity and Liabilities		47,738.65	46,649.81

Accompanying Notes on Financial Statements

1-49

These notes are an integral part of the Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors

For Lodha & Co

Chartered Accountants
Firm Regn No. 301051E

Y K Daga
(DIN: 00040632)

S Chakravorti
(DIN: 00066344)

Vice Chairman-
Cum-joint-
Managing Director

Boman Parakh
Partner

Membership No. 053400
Kolkata
July 28, 2020

Meera Dokania
(DIN: 07094376)

A P Agarwalla
(DIN: 00312652)

Maneesh Khanna
Chief Financial
Officer

V D Mall
Company Secretary

Deepak Industries Limited

Statement of Profit and Loss for the year ended March 31, 2020

(In lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue From Operations	29	41,082.53	51,994.35
Other Income	30	991.46	1,170.57
Total income		42,073.99	53,164.92
EXPENSES			
Cost of Materials consumed	31	14,526.05	25,119.50
Changes in Inventories of finished goods, Stock-in-Trade and work-in progress	32	2,141.08	(1,508.00)
Employee benefits expense	33	5,926.18	5,911.04
Finance costs	34	842.19	1,020.27
Depreciation and amortisation expense	35	2,234.27	2,179.45
Other expenses	36	10,552.29	13,324.03
Total expenses		36,222.06	46,046.29
Profit before tax		5,851.93	7,118.63
Tax expense:			
(1) Current tax	38	1,551.75	2,430.00
(2) Deferred tax	38.1	(285.43)	18.91
Profit for the year		4,585.61	4,669.72
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		(4.44)	8.59
(ii) Income tax relating to items that will not be reclassified to profit or loss	38.3	1.12	(3.00)
Other Comprehensive Income for the year (net of tax)	38.4	(3.32)	5.59
Total Comprehensive Income for the year (comprising profit and other comprehensive income for the year)		4,582.29	4,675.31
Earnings per equity share of value of Rs. 10 each.	43		
(1) Basic (Rs.)		115.90	118.03
(2) Diluted (Rs.)		115.90	118.03

Accompanying Notes on Financial Statements

1-49

These notes are an integral part of the Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors

For Lodha & Co

Chartered Accountants
Firm Regn No. 301051E

Boman Parakh
Partner

Membership No. 053400
Kolkata
July 28, 2020

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V D Mall
Company Secretary

Deepak Industries Limited

Statement of Changes in Equity as at March 31, 2020

(A) Equity Share Capital (` In lakhs)

Particulars	Note No.	Amount
Balance as at April 1, 2018		395.64
Changes during the year		-
Balance as at March 31, 2019		395.64
Changes during the year		-
Balance as at March 31, 2020		395.64

(B) Other Equity

(` In lakhs)

Particulars	Reserves and Surplus			Other Comprehensive Income	Total
	Capital Reserve	Capital Redemption Reserve	Retained Earnings	Remeasurement of Defined Benefit Obligation	
As at April 1, 2018	35.36	134.17	21,698.16	-	21,867.69
Profit for the year	-	-	4,669.72	-	4,669.72
Other Comprehensive Income for the year (net of tax)	-	-	-	5.59	5.59
Total Comprehensive Income for the year	-	-	4,669.72	5.59	4,675.31
Transfer to Retained Earnings during the year	-	-	5.59	(5.59)	-
As at March 31, 2019	35.36	134.17	26,373.47	-	26,543.00
Profit for the year	-	-	4,585.61	-	4,585.61
Other Comprehensive Income for the year (net of tax)	-	-	-	(3.32)	-
Total Comprehensive Income for the year	-	-	4,585.61	(3.32)	4,582.29
Transfer to Retained Earnings during the year	-	-	(3.32)	3.32	-
Dividend paid during the year.	-	-	(593.46)	-	(593.46)
Tax on Final Dividend as above	-	-	(121.99)	-	(121.99)
As at March 31, 2020	35.36	134.17	30,240.31	-	30,409.84

Refer Note no. 17 for nature and purpose of reserves

Accompanying Notes on Financial Statements

1-49

These notes are an integral part of the Financial Statements.

As per our report of even date

For and on behalf of the Board of Directors

For Lodha & Co

Chartered Accountants
Firm Regn No. 301051E

Y K Daga
(DIN: 00040632)

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(DIN: 07094376)

Maneesh Khanna
Chief Financial
Officer

V D Mall
Company Secretary

Deepak Industries Limited
Statement of Cash Flows for the year ended March 31, 2020

(₹ In lakhs)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
A. CASH FLOW FROM OPERATING ACTIVITIES :				
NET PROFIT BEFORE TAX		5,851.93		7,118.63
ADJUSTMENTS FOR -				
Depreciation	2,234.27		2,179.45	
(Profit)/Loss on sale/ discard of Property, Plant and Equipment	(2.67)		(3.26)	
Interest Income	(839.15)		(665.82)	
Liabilities no longer required written back	(86.18)		(214.19)	
Finance costs	842.19		1,020.27	
Amortisation of Deferred financial instruments	52.31		23.41	
		2,200.77		2,339.86
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		8,052.70		9,458.49
ADJUSTMENTS FOR -				
Trade and other receivables	2,090.81		(1,103.89)	
Inventories	3,593.75		(1,394.95)	
Loans and advances	218.16		(170.03)	
Trade Payables and other liabilities	(225.36)		(1,478.40)	
		5,677.36		(4,147.27)
CASH GENERATED FROM OPERATIONS		13,730.06		5,311.22
Direct Taxes Paid		(1,906.13)		(2,245.68)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		11,823.93		3,065.54
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Deposits with Bank (original maturity more than three months)	(6,025.95)		5,789.62	
Interest Income	658.70		955.70	
Purchase of Property, Plant and Equipment	(1,850.37)		(3,758.45)	
Sale of Property, Plant and Equipment	10.00		11.15	
		(7,207.62)		2,998.02
NET CASH FLOW FROM/(USED IN) INVESTMENT ACTIVITIES		(7,207.62)		2,998.02
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Interest Paid	(808.21)		(1,031.09)	
Repayment of Long term Borrowings from Bank	(595.82)		(1,072.30)	
Repayment of Sales Tax Deferment Loan	(23.11)		(23.10)	
Repayment Of Lease Obligation	(0.86)		-	
Proceeds / (Repayment) of Short Term Borrowings from Bank (net)	(1,648.19)		(3,840.53)	
Proceeds / (Repayment) of Short Term Borrowings from Bodies Corporate (net)	(30.00)		(50.00)	
Dividend paid including CDT	(705.36)			
		(3,811.55)		(6,017.02)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		(3,811.55)		(6,017.02)
Net Increase/(Decrease) in CASH AND CASH EQUIVALENTS (A+B+C)		804.76		46.54
Cash and Cash Equivalents as at beginning of the Year (Refer Note 12)		96.09		49.55
Cash and Cash Equivalents as at the end of the year (Refer Note 12)		900.85		96.09

Deepak Industries Limited**Statement of Cash Flows for the year ended March 31, 2020****Note:**

1. Cash and Cash Equivalents consists of cash on hand and Bank balances in Current Account, Cash Credit account and Short Term Deposits with original maturity of less than three months. The details of cash and cash equivalents as per note 12 of the balance sheet is as under:

Particulars	(` In lakhs)	
	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In Current account	746.72	84.73
In Cash Credit account	143.60	-
In Fixed Deposits (having original maturity of less than 3 months)	-	0.22
Cash on hand	10.53	11.14
Total cash and cash equivalents	900.85	96.09

2. Reconciliation of Liabilities arising from Financing activities

(` In lakhs)

Particulars	As at March 31, 2019	Proceeds raised	Non cash adjustment	Repayment	As at March 31, 2020
Long Term Borrowings from Bank	2,995.14	-	3.06	(595.82)	2,402.38
Sales Tax Deferment Loan	69.33	-	-	(23.11)	46.22
Lease Liabilities	1.74	-	1.09	(0.86)	1.97
Short Term Borrowings from Bank	7,525.84	-	-	(1,648.19)	5,877.65
Short Term Borrowings from Bodies Corporate	30.00	-	-	(30.00)	-
Total	10,622.05	-	4.15	(2,297.98)	8,328.22

3. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard - 7 on Statement of Cash Flows.

4. The Company has incurred Rs. 3.64 lakhs in cash on account of Corporate Social Responsibility (CSR) Expenditure during the year ended March 31,2020 (Previous year Rs.2.40 lakhs)

Accompanying Notes on Financial Statements

1-49

These notes are an integral part of the Financial Statements.

As per our report of even date**For Lodha & Co**

Chartered Accountants

Firm Regn No. 301051E

Boman Parakh

Partner

Membership No. 053400

Kolkata

July 28, 2020

For and on behalf of the Board of Directors

Y K Daga

(DIN: 00040632)

Vice Chairman-Cum-Joint-Managing Director

S Chakravorti

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Meera Dokania

(DIN: 07094376)

Maneesh Khanna

Chief Financial Officer

V D Mall

Company Secretary

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

1 Corporate and General Information

Deepak Industries Limited ('the company') is a public limited company incorporated and domiciled in India having its registered office in Kolkata in the State of West Bengal. The main business of Company is manufacturing and selling of Industrial and Automobile gears of various capacities and generation of solar power. The Company's shares are listed on The Calcutta Stock Exchange Limited.

The financial statements for the year ended March 31, 2020 were approved for issue by the Board of Directors of the company on July 28, 2020 and are subject to the adoption by the Shareholders in the ensuing Annual General Meeting.

2 Statement of compliance and Recent Pronouncements

2.1 Statement of compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the "Ind AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 ("the Act"). The Ind ASs issued, notified and made effective till the financial statements are authorized and have been considered for the purpose of preparation of these financial statements.

The accounting policies are applied consistently to all the periods presented in the financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2 Application of new and revised standards

Effective April 01, 2019, the Company has adopted Ind AS 116 "Leases" and applied the standard to its leasehold assets under modified retrospective approach with cumulative effect of initial recognition being given effect to on the date of application. Consequently, such assets have been recognised as "Right of Use" and have been amortised over the term of lease. Further, finance cost in respect of lease liability has been measured and considered in these financial statements. Previously charge on account of this was recognised as lease rent in terms of the agreement. The said standard has further been modified on July 24, 2020 to provide for treatment on account of concession in rent consequent to COVID'19 pandemic which as such does not have any impact in the financial statements of the company. Overall impact on the implementation of Ind AS 116 has however been disclosed in Note No. 37.

Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes' have also been revised with effect from the said date. Revision in these standard also do not have any material impact on the financial statements.

2.3 Recent Accounting Pronouncements

Standards issued but not yet effective:

On July 24, 2020, Ministry of Corporate Affairs ("MCA") has issued Companies (Indian Accounting Standards) Amendment Rules, 2020 notifying amendment to existing Ind AS 1 'Presentation of Financial Statements', Ind AS 8 'Accounting Policies, Changes in Estimates and Errors', Ind AS 10 'Events after the Reporting Period', Ind AS 34 'Interim Financial Reporting', Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets', Ind AS 103 'Business Combinations', Ind AS 107 'Financial Instruments: Disclosures', Ind AS 109 'Financial Instruments'. These amendments have been effective for the period beginning on or after April 01, 2020.

Ind AS 1 has been modified to redefine the term 'Material' and consequential amendments have been made in Ind AS 8, Ind AS 34 and Ind AS 37.

Ind AS 103 dealing with 'Business Combination' has defined the term 'Business' to determine whether a transaction or event is a business combination. Amendment to Ind AS 107 and 109 relate to exception relating to hedging relationship directly affected by Interest Rate Benchmark reforms.

Presently, the Company is evaluating the impact as these amendments are either not applicable or not likely to have any material impact on Financial Statement of the Company.

3 Significant Accounting Policies

3.1 Basis of Preparation

The Financial Statements have been prepared under the historical cost convention on accrual basis excepting certain financial instruments which are measured in terms of relevant Ind AS at fair value/ amortized costs at the end of each reporting period.

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

Historical cost convention is generally based on the fair value of the consideration given in exchange for goods and services.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Ind AS 1 "Presentation of Financial Statements" and in Division II of Schedule III to the Companies Act, 2013. Having regard to the nature of business being carried out by the Company, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

The functional currency of the Company is determined as the currency of the primary economic environment in which it operates. The Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal Lakhs except otherwise stated.

3.2 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed for such measurement:

- a) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- b) Level 2: Inputs other than quoted prices included within level 1 that are observable, either directly or indirectly for the asset or liability
- c) Level 3: Inputs for the asset or liability which are not based on observable market data (unobservable inputs).

The company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements who regularly reviews significant unobservable inputs, valuation adjustments and fair value hierarchy under which the valuation should be classified.

3.3 Property Plant and Equipment (PPE)

Property, Plant and Equipment are stated at cost of acquisition, construction and subsequent improvements thereto less accumulated depreciation and impairment losses, if any. For this purpose cost include deemed cost on the date of transition and comprises purchase price of PPE or its construction cost and includes, where applicable, inward freight, duties and taxes, and other expenses related to acquisition or installation and any cost directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended for its use. Interest on Borrowings utilised to finance the construction of qualifying assets are capitalised as part of cost of the asset until such time that the asset is ready for its intended use.

When parts of an item of PPE have different useful life's, they are accounted for as separate items (major components) of the PPE.

Property, Plant and Equipment includes spare, stand by equipments and servicing equipments which are expected to be used for a period of more than twelve months and meet the recognition criteria of Property, Plant and Equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of day - to - day servicing of property, plant and equipment are recognised in the statement of profit and loss in the period in which they are incurred.

The company's lease assets comprising of Land and Building has been separately shown under PPE as Right of Use (ROU) Assets.

Depreciation and amortisation

Depreciation on Property, Plant and Equipment is provided as per Schedule II of the Companies Act, 2013 on straight line method except at Rudrapur unit where depreciation is provided on written down value method. Subsequent additions to the cost of Property, Plant and Equipment are depreciated over the remaining life of mother asset.

No depreciation is charged on Freehold land.

Depreciation on ROU assets is provided over the lease term or expected useful life of the asset, whichever is lower and depreciation on Property, Plant and Equipment (other than leasehold land) commences when the assets are ready for their intended use. Based on above, the estimated useful lives of assets for the current period are as follows.

Category	Useful Life in years
Factory Buildings	30
Other than factory Building	60
Plant and Equipment	15
Furniture and Fixtures	10
Vehicles	8-10
Office Equipment	5

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

The residual value of an item of Property, Plant and Equipment has been kept at 5 percent or less of the cost of the respective assets.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at the end of each reporting date.

3.4 Capital Work in Progress

Capital work in progress includes purchase price, import duty and any other directly attributable cost of bringing the assets to their working condition. Such items are classified to the appropriate categories of Property, Plant and Equipment when completed and ready for intended use. Amount paid towards acquisition of Property, Plant and Equipment outstanding as at each reporting date are recognized as capital advance under "Other Non-Current Assets".

3.5 Intangible Assets

Intangible assets are stated at cost of acquisition comprising of purchase price inclusive of duties and taxes less accumulated amortization and impairment losses if any. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and its cost can be measured reliably. Such assets, are amortized over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Amortization on Intangible Assets commences when the assets are ready for their intended use. Based on above, the estimated useful lives of assets for the current period are as follows.

Category	Useful life (in years)
Computer Software	5

Amortisation methods and useful lives are reviewed and adjusted as appropriate, at the end of each reporting date.

3.6 Derecognition of Tangible and Intangible assets

An item of Property, Plant and Equipment and Intangible assets is de-recognised upon disposal or when no future economic benefits are expected to arise from its continued use or disposal. Any Gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment and Intangible Asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

3.7 Leases

Company as a Lessee

The Company's lease asset classes primarily consist of land and building premises taken on lease for residential and official accommodation. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU Assets") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates of these leases. Lease liabilities are premeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Lease liability obligations is presented separately under the head "Other Financial Liabilities" whereas Right of Use Assets have been disclosed separately as a part of Property, Plant and Equipment.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

Company as a Lessor

Assets given on lease either as operating lease or as finance lease. A lease is classified as finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially, asset held under finance lease is recognised in Balance Sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Company's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. The Company recognises lease payments in case of assets given on operating leases as income on a straight line basis.

3.8 Impairment of Tangible and Intangible Assets

Tangible, Intangible assets and ROU Asset are reviewed at each Balance Sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of assets is determined. An impairment loss is recognized in the statement of profit and loss, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the higher of assets fair value less cost of disposal and its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate.

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

3.9 Financial Instruments-Financial assets and Financial liabilities

Financial Assets and Financial Liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the Statement of Profit and Loss.

The financial assets and financial liabilities are classified as current if they are expected to be realised or settled within twelve months or otherwise these are classified as non-current.

The classification of financial instruments whether to be measured at Amortized Cost, at Fair Value through Profit and Loss (referred to as "FVTPL") or at Fair Value through Other Comprehensive Income (referred to as "FVTOCI") depends on the objective and contractual terms to which they relate. Classification of financial instruments are determined on initial recognition.

a) Cash and cash equivalents

All highly liquid financial instruments, which are readily convertible into determinable amounts of cash and which are subject to an insignificant risk of change in value and are having original maturities of three months or less from the date of purchase, are considered as cash and cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

b) Financial Assets and Financial Liabilities measured at amortised cost

Financial Assets held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Financial Assets and Financial Liabilities subsequent to initial recognition are measured at amortized cost using Effective Interest Rate (referred to as "EIR") method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (including all fees and points paid or received, transaction costs and other premiums or discounts) through the expected life of the Financial Asset or Financial Liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

c) Financial Asset at Fair Value through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in other comprehensive income.

d) For the purpose of para (b) and (c) above, principal is the fair value of the financial asset at initial recognition and interest consists of consideration for the time value of money and associated credit risk.

e) Financial Assets or Liabilities at Fair value through profit or loss(FVTPL)

Financial Instruments which do not meet the criteria of amortised cost or fair value through other comprehensive income are classified as Fair Value through Profit or loss. These are recognised at fair value and changes therein are recognized in the statement of profit and loss.

f) Impairment of financial assets

The Company evaluates whether there is any objective evidence that financial assets measured at amortised costs including trade and other receivables are impaired and determines the amount of impairment allowance as a result of the inability of the parties to make required payments. The Company bases the estimates on the ageing of the receivables, credit-worthiness of the receivables and historical write-off experience and variation in the credit risk on year to year basis.

Lifetime expected credit losses are the expected credit losses(ECL) that result from all possible default events over the expected life of a financial instrument. The company measures the loss allowance for a financial assets at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

In case of trade receivables or contract assets that result in relation to revenue from contracts with customers, the company measures the loss allowance at an amount equal to lifetime expected credit losses where maximum contractual period is considered over which the Company is exposed to credit risks.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward-looking information.

Loss allowances for financial assets measured at amortised costs are deducted from the gross carrying amount of the assets.

g) Derecognition of financial instruments

The Company derecognizes a financial asset or a group of financial assets when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset (except for equity instruments designated as FVTOCI), the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognized in statement of profit and loss.

On derecognition of assets measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings.

Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in Statement of Profit and Loss.

3.10 Inventories

Inventories other than scrap are valued at lower of the cost or estimated net realisable value. Cost of Inventories is ascertained on weighted average/FIFO basis. Materials and other supplies held for use in the production of inventories are not written down below cost, if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost in respect of raw materials and stores and spares includes expenses incidental to procurement of the same. Cost of inventory comprises of purchase price, cost of conversion and other directly attributable costs that have been incurred in bringing the inventories to their respective present location and condition including duties and taxes other than those recoverable from taxable authorities.. Borrowing costs are not included in the value of inventories.

Inventories of scrap are valued at their respective estimated net realisable value.

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

3.11 Foreign Currency Transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transactions. Foreign currency monetary assets and liabilities at the year-end are translated at the year-end exchange rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate as at the date of transaction. The loss or gain thereon and also on the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expense in the statement of profit and loss. Foreign exchange gain or loss to the extent considered as an adjustment to Interest Cost are considered as part of borrowing cost.

3.12 Equity Share Capital

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Par value of the equity shares is recorded as share capital and the amount received in excess of par value is classified as Securities Premium.

Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.13 Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a legal or constructive obligation as a result of past events and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities are not recognized and are disclosed by way of notes to the financial statements when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or when there is a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the same or a reliable estimate of the amount in this respect cannot be made.

Contingent assets are not recognised but disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

3.14 Employee Benefits

Employee benefits are accrued in the year in which services are rendered by the employees. Short term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the related service is rendered.

Contribution to defined contribution plans such as Provident Fund, Employee Pension Scheme etc, is being made in accordance with statute and are recognised as and when incurred.

Contribution to defined benefit plans consisting of contribution to gratuity are determined at close of the year at present value of the amount payable using actuarial valuation techniques. Remeasurements comprising of actuarial gains and losses, any change in the effect of the asset ceiling and return on the plan assets (excluding amount included in net interest on the net defined benefit liability or asset) are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income ("OCI") in the period in which they occur. Remeasurements are not reclassified to Profit or Loss in subsequent periods. The Liability or Asset recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated by external actuaries using the projected Unit credit method.

Other long term employee benefits consisting of Leave Encashment are determined at close of the year at present value of the amount payable. All defined benefit plans obligations are determined based on valuations, as at the Balance Sheet date, made by independent actuary using the projected unit credit method. The classification of the Company's net obligation into current and non-current is as per the actuarial valuation report.

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

3.15 Revenue Recognition

Revenue from Operations

Revenue is measured based on the considerations specified in a contract with a customer and excludes amounts collected on behalf of third parties. The revenue from sales is recognised when control over a product or service has been transferred and /or products/services are delivered/provided to the customers. The delivery occurs when the product has been shipped or delivered to the specific location as the case may be and the customer has either accepted the products in accordance with contract or the company has sufficient evidence that all the criteria for acceptance has been satisfied. Returns, discounts and rebates collected, if any, are deducted there from sales.

Sale of electricity is accounted for on delivery of electricity to grid/ Customers .

Other Operating Revenue-Export Benefits :

Export benefits arising on account of entitlement for duty free imports are accounted for through import of materials. Other export benefits are accounted for as and when the ultimate realisability of such benefits are established.

Other Income

Interest, Dividend and Claims :

Dividend income is recognized when the right to receive payment is established. Interest has been accounted using effective interest rate method. Insurance claims/ other claims are accounted for as and when admitted or realised. Interest on overdue bills are accounted for on certainty of realisation.

3.16 Borrowing Costs

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment which are capitalized to the cost of the related assets. A qualifying PPE is an asset, that necessarily takes a substantial period of time to get ready for its intended use. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

3.17 Government Grants

Government grants are recognized on systematic basis when there is reasonable certainty of realization of the same. Government Grants related to revenue is credited to the Statement of Profit and Loss on systematic basis over the period to the extent of expenditure incurred there against and shown separately under Other Income. Grants which are meant for purchase, construction or otherwise to acquire non current assets are deducted from costs of the such assets.

When the grant relates to an asset in the form of the duty benefits availed under Export Promotion Capital Goods(EPCG) Scheme, it is accounted for as government grant and is ammortised on the basis of fulfilment of underlying export obligations

3.18 Taxes on Income

Income tax expense representing the sum of current tax expenses and the net charge of the deferred taxes is recognized in the income statement except to the extent that it relates to items recognized directly in equity or other comprehensive income.

Current Tax

Current tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Advance tax and provisions are presented in the balance sheet after setting off advance tax paid and income tax provision for the current year.

Interest expenses and penalties, if any, related to income tax are included in finance cost and other expenses respectively. Interest Income, if any, related to Income tax is included in Other Income.

Deferred Tax

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit as well as for unused tax losses or credits. In principle, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred Tax Asset & Liabilities have been offset wherever the company has a legally enforceable right to set off current tax assets against current tax liabilities & where deferred tax assets & liabilities relate to income tax levied by the same taxation authority.

Deferred taxes are calculated at the enacted or substantially enacted tax rates that are expected to apply when the asset or liability is settled. Deferred tax is charged or credited to the income statement, except when it relates to items credited or charged directly to other comprehensive income in equity, in which case the corresponding deferred tax is also recognized directly in equity.

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

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

3.19 Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed using the net profit for the year attributable to the equity shareholders and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

3.20 Segment Reporting

The Company's business is to manufacture and sale Automobile Gears, Industrial Gears and is also engaged in generation and sale of electricity. Operating segments are identified and reported taking into account the different risk and return, organisation structure and internal reporting system.

4 Critical accounting judgments, assumptions and key sources of estimation and uncertainty

The preparation of the financial statements in conformity with the recognition and measurement principle of Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and could change from period to period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Revisions to accounting estimates are recognised prospectively. Actual results may differ from these estimates. Differences between the actual results and estimates are recognized in the year in which the results are known / materialized and, if material, their effects are disclosed in the notes to the financial statements.

The application of accounting policies that require significant areas of estimation, uncertainty and critical judgments and the use of assumptions in the financial statements have been disclosed below. The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

4.1 Arrangements containing leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

4.2 Impairment allowances on trade receivables

The Company evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment allowance as a result of the inability of the customers to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the trade receivables, historical write-off experience. If the financial conditions of the trade receivable were to deteriorate, actual write-offs would be higher than estimated.

4.3 Current Tax and Deferred Tax

Significant judgment is required in determination of taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes.

Significant management judgement is required to determine the amount of deferred tax assets/liability that can be recognised, based upon the likely timing and the level of future taxable profit together with future tax planning strategies. The management has reviewed the rationale for recognition of Deferred Tax Liability and based on the likely timing and level of profitability in future and expected utilisation of deferred tax there against .

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

4.4 Defined benefit obligation (referred to as "DBO")

Critical estimate of the DBO involves a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate, anticipation of future salary increases etc. as estimated by Independent Actuary appointed for this purpose by the Management. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

4.5 Provisions and Contingencies

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change.

Management judgment is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations/ against the Company as it is not possible to predict the outcome of pending matters with accuracy.

4.6 Depreciation / Amortization and Impairment on Property, Plant and Equipment / Intangible assets.

Property, plant and equipment, ROU Assets and intangible assets are depreciated/amortized on Straight-Line Basis/ Written Down Value over the estimated useful lives (or lease term if shorter) in accordance with Internal assessment and Independent evaluation carried out by technical expert/ Schedule II of the Companies Act, 2013, taking into account the estimated useful life and residual value, wherever applicable.

The company reviews its carrying value of its Tangible and Intangible Assets whenever there is objective evidence that the assets are impaired. In such situation assets recoverable amount is estimated which is higher of asset's or cash generating units (CGU) fair value less cost of disposal and its value in use. In assessing value in use the estimated future cash flows are discounted using pre-tax discount rate which reflect the current assessment of time value of money. In determining fair value less cost of disposal, recent market realisations are considered or otherwise in absence of such transactions appropriate valuations are adopted.

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

5. Property, Plant and Equipment

(` In lakhs)

Particulars	Freehold Land	Leasehold Land (Refer Note No. 5.1)	Land- Right of use	Factory Building	Building-Right of Use-	Plant and Equipment	Furniture and Fixtures	Vehicles (Refer Note No. 5. 2)	Office Equipment	Total
(A) Gross Carrying Amount										
As at March 31, 2018	1,994.51	119.24	-	1,111.03	-	14,541.93	65.93	182.79	172.57	18,188.00
Additions/Adjustemnts	-	-	-	-	-	4,286.52	5.92	55.48	30.42	4,378.34
Disposals/Adjustments	-	-	-	-	-	5.43	-	8.21	-	13.64
As at March 31, 2019	1,994.51	119.24	-	1,111.03	-	18,823.02	71.85	230.06	202.99	22,552.70
Additions/Adjustemnts	-	-	119.24	-	1.08	2,579.89	5.51	43.30	10.61	2,759.63
Disposals/Adjustments	-	119.24	-	-	-	55.59	-	8.79	-	183.62
As at March 31, 2020	1,994.51	-	119.24	1,111.03	1.08	21,347.32	77.36	264.57	213.60	25,128.71
(B) Accumulated Depreciation										
As at March 31, 2018	-	2.98	-	110.90	-	4,039.00	19.15	47.59	55.28	4,274.90
Charge for the period	-	1.49	-	51.80	-	2,009.25	9.42	28.18	37.05	2,137.19
Disposals/Adjustments	-	-	-	-	-	0.61	-	5.14	-	5.75
As at March 31, 2019	-	4.47	-	162.70	-	6,047.64	28.57	70.63	92.33	6,406.34
Charge for the period	-	-	1.49	49.74	0.86	2,068.47	8.65	30.51	38.01	2,197.73
Disposals/Adjustments	-	4.47	(4.47)	-	-	50.33	-	6.71	-	57.04
As at March 31, 2020	-	-	5.96	212.44	0.86	8,065.78	37.22	94.43	130.34	8,547.03
(C) Net Carrying Amount (A-B)										
As at March 31, 2019	1,994.51	114.77	-	948.33	-	12,775.38	43.28	159.43	110.66	16,146.36
As at March 31, 2020	1,994.51	-	113.28	898.59	0.22	13,281.54	40.14	170.14	83.26	16,581.68

5.1 Depreciation with respect to Leasehold Land represent proportionate amount amortised over the period of lease on a straight line basis.

5.2 Includes Rs. 129.48 Lakhs (March 31, 2019: Rs. 174.30 lakhs) acquired on Hire Purchase basis and under continued hire purchase agreement. Present liability for the same is Rs. 53.52 Lakhs (March 31, 2019: Rs. 68.45 lakhs) out of which Rs.20.88 Lakhs (March 31, 2019: Rs. 29.85 lakhs) is payable within one year.

5.3 Government assistance in the form of the duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme amounting to Rs. 429.57 lakhs (March 31, 2019. Rs Nil) on purchase/acquistion of property,plant and equipment has been added to Plant and Equipments with corresponding credit to Deferred Income.(Refer note no 26.1)

5.4 Disposals/Adjustments in respect of Leasehold Land during the year include reclassification with respect to Right - of -use ("ROU") asset on implementation of " Ind AS 116 " with corresponding increase of such assets being shown under Addition/adjustments during the year. (Refer note No 37 for other disclosures)

5.5 Refer Note No. 18.1 and 23.1 to financial statement in respect of charge created against borrowings.

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

6 Intangible Assets

(` In lakhs)

Particulars	Computer Software	Total
(A) Gross carrying Amount		
As at March 31, 2018	155.77	155.77
Addition	-	-
Disposals/Adjustments	-	-
As at March 31, 2019	155.77	155.77
Addition	9.50	9.50
Disposals/Adjustments	-	-
As at March 31, 2020	165.27	165.27
(B) Accumulated Amortisation		
As at March 31, 2018	57.01	57.01
Charge for the period	42.26	42.26
Disposals/Adjustments	-	-
As at March 31, 2019	99.27	99.27
Charge for the period	36.54	36.54
Disposals/Adjustments	-	-
As at March 31, 2020	135.81	135.81
(C) Net Carrying Amount (A-B)		
As at 31st March 2019	56.50	56.50
As at 31st March 2020	29.46	29.46

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

7. Non-current Investments

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Investment in Preference Shares of Body Corporate Designated at Amortised Cost, unquoted			
50,00,000 Nos (March 31, 2019: 50,00,000 Nos) 3% Non-Convertible Non-cumulative Redeemable Preference Share of Rs. 10/- each fully paid up of M/s. Brua Hydrowatt Private Limited		111.72	100.85
		111.72	100.85

7.1 Aggregate amount of unquoted Investment 111.72 100.85

7.2 These Preference shares will have the maximum term of 20 years from the date of allotment (i.e. from 21st October 2014 for first 20,00,000 Preference Shares, 19th November 2014 for next 20,00,000 Preference Shares and 27th November 2014 for remaining 10,00,000 Preference Shares). However, these shares can be redeemed earlier at the option of the Company but not before 3 years from the date of allotment.

7.3 Refer Note 46 for information about Fair Value Measurement.

7.4 Particulars of investments as required in terms of section 186 (4) of the Companies Act, 2013, have been disclosed under Note no. 7 above.

8. Other Non Current Financial Assets

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good unless otherwise stated)			
At Amortised Cost			
Security Deposits			
Considered Good		248.84	184.44
Considered Doubtful		0.88	0.88
Less : Impairment allowances for doubtful deposits	8.1	0.88	0.88
Fixed Deposit with bank (having maturity more than one year)	8.2	1.79	2.10
Interest Accrued on Deposits		1.05	0.08
		251.68	186.62

8.1 Movement of Impairment allowances for doubtful deposits

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year		0.88	1.41
Recognised/(Reversed) during the year		-	(0.53)
Balance at the end of the year		0.88	0.88

8.2 Includes amount kept as lien against:

(` In lakhs)

Particulars	Note No.	As at Mar 31, 2020	As at March 31, 2019
Bank Guarantee/Letter of credit		1.29	2.10
Government Authorities		0.50	-
		1.79	2.10

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

9. Other Non-current Assets

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Capital Advance		318.46	1,074.29
Advances other than capital advances			
Advance Tax including Tax Deducted at Source	9.1	329.40	-
Deferred loss on fair valuation of financial instrument		296.40	318.65
		944.26	1,392.94

9.1 Advance Tax including Tax deducted at Source is net of provision for tax of Rs. 11,002.62 Lakhs.

10. Inventories

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Raw Materials	10.1	1,602.54	2,539.51
Work in Progress		755.91	2,942.76
Finished Goods	10.1	1,353.55	1,312.66
Stores and Spares	10.1	992.05	1,507.75
Scraps		6.45	1.57
		4,710.50	8,304.25

(` In lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
10.1 Includes goods in transit in respect of		
-Finished Goods	-	8.50
-Raw Material	4.64	16.01
-Stores and Spares	0.57	-

10.2 Refer Note No. 18.1 and 23.1 to financial statement in respect of charge created against borrowings.

10.3 The mode of valuation of inventories has been stated in Note No. 3.10

11. Current- Trade Receivables

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Unsecured			
Considered Good		8,518.42	10,609.23
Considered Doubtful/ Credit Impaired		153.13	153.13
Less: Impairment Allowances for doubtful trade receivables	11.2	(153.13)	(153.13)
		8,518.42	10,609.23

11.1 Trade receivables are non-interest bearing and are generally on credit terms of 30 to 90 days. The ageing of trade receivables (Gross) are as follows:

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Within Credit Period		5,744.78	8,243.92
1-180 days past due		1,465.37	1,037.05
More than 180 days past due		1,461.40	1,481.39
Total		8,671.55	10,762.36

11.2 Movement of Impairment allowances for bad and doubtful trade receivables

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year		153.13	153.13
Recognised/(Reversed) during the year		-	-
Balance at the end of the year		153.13	153.13

11.3 Refer Note No.18.1 and 23.1 to financial statement in respect of charge created against borrowings.

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

12. Cash and Cash Equivalents

(As certified by the management)

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Balances with banks			
In current account		746.72	84.73
In Fixed Deposits (having original maturity of less than 3 months)		-	0.22
In Cash Credit account		143.60	-
Cash on hand		10.53	11.14
		900.85	96.09

13. Bank Balances other than Cash and Cash Equivalent

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Fixed deposits with Banks (having maturity of more than 3 months and less than 12 months)	13.1	14,532.60	8,517.40
Earmarked Balances with banks			
Unpaid Dividend	13.2	155.86	145.77
		14,688.46	8,663.17

13.1 Includes amount kept as lien against:

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Bank Guarantee/Letter of credit		8.11	2.70
Government Authorities		-	0.50

13.2 Represents amount credited by Bank with respect to cancelled/unencashed demand draft issued to shareholders in lieu of dividend declared.

14. Current- Other Financial Assets

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good unless otherwise stated)			
At Amortised cost			
Security Deposit			
Considered good		39.48	52.31
Considered doubtful		0.53	0.53
Less : Impairment allowances for doubtful deposits	14.1	0.53	0.53
		39.48	52.31
Interest accrued on deposits		442.76	273.18
Advances to Employees		23.10	18.93
Rent and other receivables		1.18	-
		506.52	344.42

14.1 Movement of Impairment allowances for doubtful Deposits

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Balance as at the beginning of the year		0.53	-
Recognised/(Reversed) during the year		-	0.53
Balance at the end of the year		0.53	0.53

15. Other Current Assets

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Advances other than capital advances			
Advances against goods and services		225.52	412.02
Balances with government authorities		128.92	255.48
Prepaid expenses		49.97	41.21
Deferred loss on fair valuation of financial instruments		21.76	22.60
		426.17	731.31

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

16. Equity Share Capital

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Authorised			
53,00,000 Equity Shares of Rs. 10/- each (March 31, 2019: 53,00,000 Nos)		530.00	530.00
20,000 Redeemable Cumulative Preference Shares of Rs.100/- each (March 31, 2019: 20,000 Nos)		20.00	20.00
Issued, Subscribed and Paid-up:			
39,56,433 Equity Shares of Rs. 10/- each (March 31, 2019: 39,56,433 Nos)		395.64	395.64
		395.64	395.64

16.1 The Company has only one class of issued shares i.e. Equity Shares having par value of Rs. 10 per share. Each holder of Equity Shares is entitled to one vote per share and equal right for dividend. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after payment of all preferential amounts, in proportion to their shareholding.

16.2 The reconciliation of the number of Equity Shares and the amount of Equity Share Capital outstanding:

Particulars	Note No.	Number of Equity Shares held	Equity Share Capital (Amount in Lakhs)
Balance as at April 1, 2018		39,56,433	395.64
Changes during the year		-	-
Balance as at March 31, 2019		39,56,433	395.64
Changes during the year		-	-
Balance as at March 31, 2020		39,56,433	395.64

16.2.1 The aggregate number of equity shares bought back in immediately preceding last five years ended March 31 2020: 1341662 equity shares (previous period of five years ended March 31 2019: 1341662 equity shares).

16.3 Details of Equity Shareholders holding more than 5% equity shares:

Name of Equity Shareholders	No. of Equity Shares held	
	As at March 31, 2020	As at March 31, 2019
Nandini Daga	8,70,625	8,70,625
Jalpaiguri Holdings Private Limited	6,18,312	6,18,312
Asha Devi Daga	6,04,806	6,04,806
Coplama Products Private Limited	5,24,600	5,24,600
Yashwant Kumar Daga	5,24,313	5,24,313
Pradip Kumar Daga	2,07,700	2,07,700

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

17. Other Equity

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Capital Reserve			
As per last Balance Sheet		35.36	35.36
As at Balance Sheet date	17.2	35.36	35.36
Capital Redemption Reserve			
As per last Balance Sheet		134.17	134.17
As at Balance Sheet date	17.3	134.17	134.17
Retained Earnings			
As per last balance sheet		26,373.47	21,698.16
Profit for the year		4,585.61	4,669.72
Transfer from Other Comprehensive Income		(3.32)	5.59
Less: Dividend paid		(593.46)	
Less: Tax on Final Dividend		(121.99)	
As at Balance Sheet date	17.4	30,240.31	26,373.47
Other Comprehensive Income			
Re - measurement of defined benefit plan		-	-
As per last balance sheet		-	-
Other Comprehensive Income for the year		(3.32)	5.59
Transfer to retained earnings		3.32	(5.59)
As at Balance Sheet date	17.5	-	-
		30,409.84	26,543.00

Note

17.1 Refer Statement of Changes in Equity for movement in balances of reserve.

17.2 Capital Reserve

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Government Grant Received		35.36	35.36

17.3 Capital Redemption Reserve

Capital Redemption Reserve is created consequent to buy back of equity shares. This reserve shall be utilised in accordance with the provisions of the Companies Act, 2013.

17.4 Retained Earnings

Retained earnings generally represent the undistributed profit/amount of accumulated earnings of the company. This includes Other Comprehensive Income of (Rs. 3.32 Lakhs) (March 31, 2019: Rs. 5.59 lakhs) relating to remeasurement of defined benefit plans (net of tax) which cannot be reclassified to Statement of Profit and Loss. This also includes Rs.77.42 Lakhs (March 31, 2019: Rs. 77.42 Lakhs) which is not available for distribution as these are represented by changes in carrying amount of Property, Plant and Equipment being measured at fair value in earlier years.

17.5 Other Comprehensive Income

Other Comprehensive Income represents gain/losses on defined benefit obligations which is transferred to retained earnings as stated in Note 17.4 above.

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

18. Borrowings

(` In lakhs)

Particulars	Note No.	As at Mar 31, 2020		As at March 31, 2019	
		Non Current	Current	Non Current	Current
At Amortised Cost					
Secured					
Term Loan					
From Banks	18.1	1,727.48	674.90	2,201.94	793.20
Unsecured					
Sales Tax soft loan	18.2	23.11	23.11	46.22	23.11
Lease Liabilities	18.3	1.74	0.23	1.74	-
		1,752.33	698.24	2,249.90	816.31

18.1 Term loan / Corporate Loan facility is secured by way of 1st hypothecation charge of plant and machinery, freehold Industrial property, building and Factory shed and movable fixed assets of the company and is collaterally secured by 2nd hypothecation charge on current assets of the company. Rate of interest being 1.25% to 1.40% above 1 year MCLR and is repayable at unamortised cost as follows:

Financial Year	Amount in ` Lakhs
2020-2021	674.90
2021-2022	967.52
2022-2023	566.09
2023-2024	199.99
Total	2,408.50

18.2 Unsecured Sales tax soft loan at unamortised cost outstanding as on Mar 31, 2020 carries interest rate 9.25% with a rebate of 2% on timely repayment and is repayable as follows:

Financial Year	Amount in ` Lakhs
2020-2021	23.11
2021-2022	23.11
Total	46.22

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

19. Other Non-Current Financial Liabilities

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
At Amortised Cost			
External Development Charges		400.28	400.28
Hire Purchase Liability - Secured	19.1	32.64	38.60
		432.92	438.88

19.1 Secured by hypothecation of vehicles acquired thereagainst. Current maturities of such Hire Purchase Liability is Rs. 20.88 Lakhs (March 31, 2019 Rs. 29.85 lakhs)

20. Non Current Provisions

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	45	203.03	179.19
		203.03	179.19

21. DEFERRED TAX LIABILITIES

The following is the analysis of deferred tax assets/(liabilities) presented in the Balance Sheet:

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Deferred tax assets		140.08	168.53
Deferred tax liabilities		(958.22)	(1,273.22)
Net Deferred Tax Assets/(Liabilities)		(818.14)	(1,104.69)

21.1 Components of Deferred tax Assets/ (Liabilities) as at March 31, 2020 are given below:

(` In lakhs)

Particulars	As at April 1, 2019	Charge/ (Credit) recognised in Profit and loss	Charge/ (Credit) recognised in other comprehensive income	As at March 31, 2020
Deferred Tax Assets:				
Expenses allowed on payment basis	175.91	35.83	-	140.08
Total Deferred Tax Assets	175.91	35.83	-	140.08
Deferred Tax Liabilities:				
Timing difference with respect to Property, Plant & Equipment and Intangible assets	1,269.60	(330.43)	-	939.17
Fair valuation of financial assets and financial liabilities	7.38	9.17	-	16.55
Remeasurement of defined benefit obligations	3.62	-	(1.12)	2.50
Total Deferred Tax Liabilities	1280.60	(321.26)	(1.12)	958.22
NET DEFERRED TAX LIABILITIES/ (ASSETS)	1,104.69	(285.43)	(1.12)	818.14

21.2 Components of Deferred tax Assets/ (Liabilities) as at March 31, 2019 are given below:

(` In lakhs)

Particulars	As at April 1, 2018	Charge/ (Credit) recognised in Profit and loss	Charge/(Credit) recognised in Other Comprehensive Income	As at March 31, 2019
Deferred Tax Assets:				
Expenses allowed on payment basis	191.51	15.60	-	175.91
Total Deferred Tax Assets	191.51	15.6	-	175.91
Deferred Tax Liabilities:				
Timing difference with respect to Property, Plant and Equipment and Intangible assets	1259.27	10.33	-	1,269.60
Fair valuation of financial assets and financial liabilities	13.69	(6.31)	-	7.38
Remeasurement of defined benefit obligations	0.62	-	3.00	3.62
Others	0.71	(0.71)	-	-
Total Deferred Tax Liabilities	1274.29	3.31	3.00	1,280.60
NET DEFERRED TAX LIABILITIES/ (ASSETS)	1,082.78	18.91	3.00	1,104.69

22. Other Non-current Liabilities

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Liability for Operating Lease		-	0.51
		-	0.51

22.1 Refer Note 37

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

23. Current Borrowings

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Secured			
From Banks			
Working Capital Loan Repayable on demand	23.1	5,877.65	7,525.84
Unsecured			
Loan from Bodies Corporate		-	30.00
		5,877.65	7,555.84

23.1 Secured on 1st pari-passu basis by way of hypothecation charge on entire current assets including Stocks and Receivables of the company and is collaterally secured on 2nd pari-passu basis by way of hypothecation on the entire movable tangible fixed assets of the company (both existing and future) and also hypothecation on all mortgaged immovable properties (factory land and building) of the company located at Kolkata, Faridabad and Rudrapur.

24. Trade Payables

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprise and small enterprises	24.1	226.00	471.14
Total outstanding dues of creditors other than micro enterprise and small enterprises		3,667.54	4,155.54
	24.2	3,893.54	4,626.68

24.1 Disclosure of sundry creditors under Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the Micro, Small and Medium Enterprise Development Act, 2006 (the Act). Disclosure requirement under Section 22 of The Micro, Small and Medium Enterprises Development Act, 2006 is given below:

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		226.00	471.14
(b) The amount of the interest paid by the buyer in terms of section 16 of MSMED Act (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.		-	-
(c) The amount of the interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.		-	-
(d) The amount of Interest accrued and remaining unpaid at the end of each accounting year.		-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED, Act 2006.		-	-

24.2 Payment towards trade payables is made as per the terms and conditions of the contract of purchase orders. The average credit period on purchases is 30 to 45 days.

Deepak Industries Limited

Notes to Financial Statements as at March 31, 2020

25. Current- Other Financial Liabilities

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Financial Liabilities at amortised cost			
Current maturities of Long-term debt	18	674.90	793.20
Current maturities of Hire Purchase Liability	19.1	20.88	29.85
Current maturities of Sales Tax Soft Loan	18	23.11	23.11
Lease liabilities		0.23	-
Liability for capital goods			
Total outstanding dues of micro enterprise and small enterprises	25.1	-	-
Total outstanding dues of Creditors other than micro enterprise and small enterprises		780.74	686.20
Liability relating to employees		414.30	195.15
Liability relating to Others		8.77	-
Unpaid/ unclaimed Dividend	13.2	155.86	145.77
Interest Accrued		59.17	28.25
		2,137.96	1,901.53

25.1 To the extent of information available to the company, there are no outstanding balances with suppliers for capital goods as defined under "Micro, Small and Medium Enterprise Development Act, 2006" (the Act).

26. Current- Other Liabilities

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Statutory dues (includes Goods and Services Tax, Provident Fund, Employees State Insurance, Government Authorities ,Tax Deducted at Source etc.)		293.62	392.45
Advances from Customers	26.1	750.63	936.12
Deferred Government Grant	26.2	394.48	-
Others		102.55	78.73
		1,541.28	1,407.30

26.1 Contract Balances

The contract liabilities primarily relate to the the advance consideration received customer for which revenue is recognized when the performance obligation is over

Advance Collections is recognised when payment is received before the related performance obligation is satisfied. This includes advances received from the customer towards products or services to be provided in future periods. Revenue is recognised once the performance obligation is met i.e. once the control over a product or service has been transferred to the customer.

26.2 Details of Government Grant are as follows:

(` In lakhs)

Particulars	In respect of Duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipment accounted for as government grant. Income from such grant is estimated on the basis of fulfilment of related export obligations.	
	For the Year ended March 31,2020	For the Year ended March 31,2019
Government grant as at the beginning of the year	-	-
Add: Government grant received during the year	429.57	-
Less: Transfer to Statement of Profit and Loss	35.09	-
Government grant as at the end of the year	394.48	-

27. Provisions

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits	45	276.32	221.67
		276.32	221.67

28. Current Tax Liabilities

(` In lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Provisions for Income Tax (Net of Advance Tax)	28.1	-	24.98
		-	24.98

28.1 Provision for Tax as at March 31, 2019 is net of Advance Tax including Tax deducted at Source of Rs 9,664.69 lakhs.

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

29. Revenue From Operations

(` In lakhs)

Particulars	Note No.	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Sale of Products		40,623.88	51,314.54
Other Operating Revenue			
Sale of Scrap		381.01	627.32
Sale of Service		20.63	14.74
Export Incentives		57.01	37.75
		41,082.53	51,994.35

29.1 Disaggregation of Revenue

Revenue based on Business Segment

(` In lakhs)

Particulars	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Automobile gears	33,717.97	43,898.76
Industrial gears	7,003.67	7,177.36
Solar power	360.89	918.23
Total	41,082.53	51,994.35

Revenue based on Geography

(` In lakhs)

Particulars	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Domestic	40,505.57	51,092.40
Export	576.96	901.95
Total	41,082.53	51,994.35

30. Other Income

(` In lakhs)

Particulars	Note No.	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Interest Income			
On Bank Deposits and others		826.55	654.02
On Financial assets measured at amortised costs		12.60	11.80
Other non-operating income (net of expenses directly attributable to such income)			
Profit on sale of Property, Plant and Equipment		2.67	3.26
Liabilities and Unclaimed Balances written back		86.18	214.19
Insurance and Other Claims		2.88	0.13
Gain on Foreign Currency transactions and translations		-	2.29
Cash Discount received		59.36	220.95
Rent Received		0.86	-
Miscellaneous Income		0.36	63.93
		991.46	1,170.57

30.1 The Company has certain operating lease arrangements for residential and office accommodation. Income earned on account of rent during the year has been recognized in the Statement of Profit and Loss amounting to Rs. 0.86 Lakhs (March 31, 2019 : Rs. Nil).

31. Cost of Materials Consumed

(` In lakhs)

Particulars	Note No.	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Opening Inventories		2,539.51	2,839.41
Add : Purchase		13,589.08	24,819.60
		16,128.59	27,659.01
Less: Closing Inventories		1,602.54	2,539.51
		14,526.05	25,119.50

32. Changes in Inventories of finished goods, Stock-in-Trade and work-in-progress

(` In lakhs)

Particulars	Note No.	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Opening Stock			
Finished Goods		1,312.66	1,509.80
Work in Progress		2,942.76	1,237.24
Scrap		1.57	1.95
		4,256.99	2,748.99
Less: Closing Stock			
Finished Goods		1,353.55	1,312.66
Work in Progress		755.91	2,942.76
Scrap		6.45	1.57
		2,115.91	4,256.99
(Increase)/ Decrease in Inventories of finished goods, Stock-in-Trade and work-in-progress		2,141.08	(1,508.00)

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

33. Employee Benefits Expense (₹ In lakhs)

Particulars	Note No.	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Salaries and Wages	45	5,406.56	5,356.82
Contribution to Provident and Other Funds		344.25	342.00
Staff Welfare Expenses		175.37	212.22
		5,926.18	5,911.04

34. Finance Costs (₹ In lakhs)

Particulars	Note No.	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Interest expense		825.76	997.59
Interest on Lease Liabilities		0.25	0.19
Interest expenses on Income tax		-	22.22
Other Borrowing Costs		16.18	0.27
		842.19	1,020.27

35. Depreciation and amortisation expenses (₹ In lakhs)

Particulars	Note No.	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Depreciation on Property, Plant and Equipment (Including Right- of- Use- Assets)	5	2,197.73	2,137.19
Amortisation on intangible assets	6	36.54	42.26
		2,234.27	2,179.45

36. Other Expenses (₹ In lakhs)

Particulars	Note No.	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Consumption of Stores, Spare Parts and Packing Materials		3,396.77	4,625.54
Power and Fuel		1,937.98	2,276.66
Job Charges		1,764.72	2,614.23
Repairs and Maintenance to Buildings		45.91	60.74
Repairs and Maintenance to Machinery		1,267.75	1,160.26
Brokerage and Commission on Sales		52.66	59.16
Transport and Forwarding Expenses		476.19	727.47
Rent	36.1	100.86	124.65
Auditors' Remuneration	36.2	19.25	16.75
Bad Debt		57.28	-
Exchange Difference (Net)		13.89	-
Amortisation of deferred portion of Financial instruments		23.09	23.41
Miscellaneous Expenses	36.3	1,395.94	1,635.16
		10,552.29	13,324.03

36.1 The Company has incurred Rs. 100.86 Lakhs and Rs 124.65 Lakhs for the year ended March 31, 2020 and March 31, 2019 respectively towards rental expenses relating to short term leases and leases of low value assets. The total cash outflow for leases is Rs.100.86 Lakhs and Rs 124.65 Lakhs for the year ended March 31, 2020 and March 31, 2019 respectively.

36.2 Details of Auditors' Remuneration (₹ In lakhs)

Particulars	Note No.	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Audit Fees		10.00	10.00
Certification and other services		9.25	6.75
		19.25	16.75

36.3 Includes Rs. 3.64 lakhs (March 31, 2019 : 2.40 lakhs) on account of Corporate Social Responsibility (CSR). Gross amount required to be spent by the company during the year consequent to the requirements of Section 135 of the Companies Act 2013, is Rs.97.20 lakhs (March 31, 2019 :Rs 62.63 lakhs). Also refer Note 36.3.1 and Note 36.3.2

36.3.1 Amount spent during the year on:

Particulars	Year ended March 31,2020			Year ended March 31,2019		
	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
i) Construction/acquisition of any assets	Nil	Nil	Nil	Nil	Nil	Nil
ii) On purpose other than (i) above	3.64	-	3.64	2.40	-	2.40

36.3.2 The head of expenses under which the company has incurred CSR expenditure during the current and previous year is on Health Care Services.

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

37. Disclosure as per Ind AS 116 "Leases"

The Company has adopted Ind AS 116 "Leases" with effect from 1st April, 2019 and applied the Standard to lease contracts existing on 1st April, 2019 using the modified retrospective method, and therefore, comparatives for the year ended 31st March 2019 have not been restated.

The following is the summary of practical expedients elected on initial application:

- (i) Applied the practical expedient to the transactions previously identified as leases under Ind AS 17.
- (ii) Applied the exemption not to recognize Right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

37.1 Following are the changes in the carrying value of right of use assets for the year ended March 31, 2020:

Particulars	(` In lakhs)	
	Land	Building
As at April 1, 2019	-	-
Reclassified on account of adoption of Ind AS 116 "Leases" (Refer Note 5.2)	114.77	-
Addition		1.08
Deletion	-	-
Depreciation	1.49	0.86
As at March 31, 2020	113.28	0.22

37.2 The following is the break-up of current and non-current lease liabilities:

Particulars	(` In lakhs)	
	As at March 31, 2020	
Current lease liabilities		0.23
Non-current lease liabilities		1.74
Total		1.97

37.3 The following is the movement in lease liabilities

Particulars	(` In lakhs)	
	As at March 31, 2020	
Balance as at 01.04.2019		1.74
Addition		1.08
Finance cost accrued during the period		0.25
Payment of Lease Liabilities		1.10
Balance at end of the year		1.97

37.4 The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

Particulars	(` In lakhs)	
	As at Mar 31, 2020	
Not later than one year		0.42
Later than one year and not later than five years		0.94
Later than five years		13.16

37.5 Further to above, the company has certain operating lease arrangements for office, etc on short term leases. Expenditure incurred on account of rental payments under such leases during the year and recognised in the statement of profit and loss amounts to Rs. 100.86 lakhs (March 31, 2019 : Rs 124.65 lakhs). The Company, effective 1st April, 2019 has adopted Ind AS 116 "Leases" on all Lease contracts existing as on the date and entered thereafter, under the modified retrospective approach with cumulative effect of initial adoption being given effect to on the date of application. Consequently, such assets have been recognised as "Right of use" and have been amortised over the terms of lease. Further, finance costs in respect of lease liability where applicable have been measured and considered in the financial statements. This however does not have any significant impact on the profit/loss and earning per share for the period.

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

38. Tax Expenses

(` In lakhs)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Current Tax			
In respect of Current Year		1,551.75	2,430.00
Total Current tax expense recognised in the current year		1,551.75	2,430.00
Deferred Tax			
In respect of Current Year		(285.43)	18.91
Total Deferred tax expense recognised in the current year		(285.43)	18.91
Total Tax expense recognised in the current year in Profit and Loss		1,266.32	2,448.91

38.1. The Company has during the year ended March 31, 2020 exercised the options for paying income tax at concessional rates subject to the compliances, conditions as specified under section 115BAA of the Income Tax Act 1961, (new tax regime) effective April 01, 2019 as introduced by the Taxation Laws (Amendment) Ordinance, 2019 and promulgated as the Taxation laws (Amendment) Act, 2019 enacted on December 11, 2019. Accordingly, Deferred Tax Liability (net) recognised earlier as at March 31, 2019 has been remeasured and the estimate for tax expense comprising of both current and deferred tax for the year ended March 31, 2020 have been revised. Consequential impact in this respect has been given effect to during the current year. Accordingly, charge on account of taxation for the current year is lower by Rs. 920.54 lakhs

38.2 Reconciliation of Income tax expense for the year with accounting profit is as follows :

Taxable Income differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Details in this respect are as follows :

(` In lakhs)

Particulars	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Profit/(Loss) before tax	5,851.93	7,118.63
Income tax expense calculated at 25.17% and 34.94% for March 31, 2020 and March 31, 2019 respectively as applicable for corporate entities on taxable profits under the Indian tax laws.	1,472.81	2,487.53
Add: Effect of Expenses that are not deductible in determining Taxable Profit		
Effect of other adjustments	101.64	-
Expenses not allowed for Tax Purposes	0.92	8.60
Less : Effect of expense/income that are deductible/not taxable in determining taxable profit		
Effect of changes in tax rate	309.05	-
Effect of Temporary differences on account of Tax of earlier periods	-	9.48
Expenses of earlier year allowed on payment basis	-	27.23
Effect of other adjustments	-	10.51
Income tax expense recognised in the statement of profit and loss	1,266.32	2,448.91

The tax rate used for reconciliations above is the corporate tax rate of 22% plus applicable surcharge and cess etc. payable by corporate entities in India on taxable profits under the Indian tax laws.

38.3 Income tax recognized in Other Comprehensive income

(` In lakhs)

Particulars	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Deferred tax charge on		
Remeasurement gains of defined benefit obligation	(1.12)	3.00
Income tax recognized in Other Comprehensive income	(1.12)	3.00
Bifurcation of the income tax recognized in Other comprehensive income into :		
Items that will be reclassified to profit or loss	-	-
Items that will not be reclassified to profit or loss	(1.12)	3.00

38.4 Components of Other Comprehensive Income

(` In lakhs)

Particulars	For the year ended Mar 31, 2020	For the year ended March 31, 2019
Items that will not be reclassified to statement of profit or loss		
Remeasurement of defined benefit obligation (net of tax)	(3.32)	5.59
	(3.32)	5.59

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

39. Contingent Liabilities and Commitments (to the extent not provided for)

Contingent Liabilities		(In lakhs)	
Particulars	Note No.	As at Mar 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as Debt			
Various show cause notices/demands issued/ raised (including interest to the extent ascertained) pending before at different levels of appeal. These matter in the opinion of the management are not tenable.			
Central Excise/Service Tax/Sales tax matter under appeal- Disallowances of Input Tax credits		456.34	305.51
Income Tax matters under appeal- Short allowances of claims under Section 80 IC, MAT Credits and other disallowances contested by the Company		440.80	433.13
Interest on External Development Charges		25.08	22.03
Other Claims not acknowledged as debt		23.06	23.06

39.1 The Company's pending litigation comprises of claim against the Company and proceeding pending tax/statutory/Government authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, and disclosed the contingent liabilities, where applicable, in its Financial Statements. The Company does not expects the outcome of these proceedings to have a material impact on its financial position. Future cash outflows in respect of above are dependent upon the outcome of judgments / decisions.

Capital and Other Commitments

Capital and Other Commitments		(In lakhs)	
Particulars	Note No.	As at Mar 31, 2020	As at March 31, 2019
Capital Commitment:			
Estimated amount of contracts remaining to be executed on capital account and not provided for: net of advance of Rs. 318.46 lakhs (March 31, 2019: Rs. 1074.29 Lakhs)		963.37	2,877.41
Other Commitment:			
Future export obligation/commitments under import of capital goods at concessional rate of Custom Duty.		2,357.18	2,383.42

40. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the entity. During the normal course of business, unresolved claims remains outstanding. The inflow of economic benefits, in respect of such claims cannot be measured due to uncertainties that surround the related events and circumstances.

41. Related party disclosure as identified by the management in accordance with the Indian Accounting Standard (Ind AS) 24 on "Related Party Disclosures" are as follows :

(A) Names of related parties and nature of relationship

(i) Key Managerial Personnel and their relatives

- Mr. Pradip Kumar Daga, Chairman cum Managing Director
- Mr. Yashwant Kumar Daga, Vice-Chairman cum Joint Managing Director
- Anand Prasad Agarwala-Independent Director
- Meera Dokania-Independent Director
- Sujit Chakravorti-Independent Director
- Smt. Asha Devi Daga-Relative of the Director
- Smt. Nandini Daga-Relative of the Director
- Niraj Agarwala-Relative of the Director
- Amrithesh Daga -Relative of the Director

(ii) Enterprises over which any person decribed in (i) above is able to exercise significant influence and with whom the Company has transaction during the year.

- Deepak Spinners Limited
- Brua Hydrowatts Private Limited
- Longview Tea Company Limited
- Coplama Products Private Limited
- Yashwant Kumar Daga (HUF)
- Pradip Kumar Daga (HUF)

(iii) Post Employment Benefit Plan

- Deepak Industries Provident Fund
- Deepak Industries Gratuity Fund

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

(iv) Aggregate amount of transactions with related parties:

(` In lakhs)

Nature of Transaction	Note No.	Name of Related Party	For the year ended Mar 31, 2020	For the year ended March 31, 2019
(a) Remuneration (included in Employee Benefits Expense)		Yashwant kumar Daga	121.45	77.28
(b) Sitting Fees		Anand Prasad Agarwala	0.78	0.58
		Meera Dokania	0.74	0.54
		Sujit Chakravorti	0.62	0.50
(c) Commission		Anand Prasad Agarwala	3.50	3.50
		Meera Dokania	3.50	3.50
		Sujit Chakraborty	3.50	3.50
(d) Professional Fees		Anand Prasad Agarwala	0.54	0.92
		Niraj Agarwala	-	0.39
(e) Sales of solar power		Deepak Spinners Limited	194.35	192.97
(f) Office Expenses (Rent, Telephone, Electricity, etc.)		Coplama Products Pvt. Ltd	1.82	2.21
(g) Contribution to Employees Provident Fund Trust		Deepak Industries Provident Fund	16.46	10.77
(h) Contribution to Gratuity Trust		Deepak Industries Gratuity Fund	32.80	120.77
(i) Club Membership Fees		Yashwant Kumar Daga	1.27	0.54
(j) Scholarship charges		Amritesh Daga	115.37	84.88
(k) Medical Insurance Premium		Yashwant Kumar Daga	5.75	-

(v) Balance of related parties are as follows :

(` In lakhs)

Nature of Transaction	Note No.	Name of Related Party	As at Mar 31, 2020	As at March
a) Salary Payable		Yashwant kumar Daga	5.45	4.69
(b) Closing value of Investment in Non Cumulative non Convertible Redeemable Preference Share (Refer Note no 41(A)(vii))		Brua Hydrowatts Private Limited	111.72	100.85
(c) Balance Receivable		Deepak Spinners	18.62	20.84
(d) Payables to Trust created for Post Employment Benefit Plans		Deepak Industries Provident Fund	2.47	1.80
		Deepak Industries Gratuity Fund	223.62	164.72
e)Balance Paybale		Anand Prasad Agarwala	3.33	-
		Meera Dokania	3.33	-
		Sujit Chakraborty	3.33	-

(vi) The remuneration of directors and other members of key management personnel during the year are as follows:

(` In lakhs)

Particulars	Note No.	As at Mar 31, 2020	As at March
Short-term employee benefits		121.45	77.28
Post-employment benefits*		-	-

*Excluding contribution to gratuity and provident fund

(vii) The Company has made investment of Rs 500.00 Lakhs in the said company which as required in term of Ind AS 109"Financial Instruments" have been fair valued and corresponding effect have been given in deferred loss on fair valuation of Financial Instrument. The carrying value of investment are fair valued at the end of each reporting date with effective interest rate method

(B) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. The Company has not provided any guarantee to related parties towards their borrowing facilities. For the year ended Mar 31, 2020, the Company has not recorded any impairment allowances in respect of receivables relating to amounts owed by related parties (March 31, 2019 Rs. NIL). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Deepak Industries Limited

Notes to Financial Statements for the year ended March 31, 2020

(vii) The above related parties information is as identified by the management and relied upon by the auditor.

42. Segment Information

42.1 Basis for segmentation

The Chief Operating Decision Maker (CODM) evaluates the company's performance and allocates resources based on an analysis of various performance indicators by business segments. The CODM of the Company evaluates the segments based on their revenue growth, operating income and return on capital employed. No operating segments have been aggregated in arriving at the business segment of the Company.

Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The Company has identified three business segments viz. Automobile Gears, Industrial Gears and Solar Power and presented the same in the Financial Statements on a consistent basis. Revenues and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Unallocable".

Segment Assets and Segment Liabilities represents assets and liabilities of respective segments. Investments, Tax related assets/liabilities and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

Reportable Segment	Description of products/services
Automobile Gears	The segment is engaged in manufacturing of tractor and Automobile gears and Shaft, Moped/Motor Cycle parts.
Industrial Gears	The segment is engaged in manufacturing of helical gears, worm gear boxes
Solar Power	The segment is engaged in generation and distribution of electricity.

Deepak Industries Limited
Notes to Financial Statements as at March 31, 2020

42.2 Information about reportable segments

The following is an analysis of revenue and results from operations by reportable segments:

(` In lakhs)

Particulars	Automobile Gear		Industrial Gears		Solar Power		Unallocated Corporate		Total	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Revenue										
Sale and services to external customer	33,717.97	43,898.76	7,003.67	7,177.36	360.89	918.23	-	-	41,082.53	51,994.35
Revenue from Operations (Gross)	33,717.97	43,898.76	7,003.67	7,177.36	360.89	918.23	-	-	41,082.53	51,994.35
Segment Results	5,698.45	6,891.86	294.04	(354.03)	(88.74)	452.37	-	-	5,903.75	6,990.20
Unallocated Corporate Expenses(Net of unallocable income)	-	-	-	-	-	-	(790.37)	(1,148.70)	(790.37)	(1,148.70)
Finance Costs	-	-	-	-	-	-	842.19	1,020.27	842.19	1,020.27
Profit(Loss) Before Tax	5,698.45	6,891.86	294.04	(354.03)	(88.74)	452.37	(51.82)	128.43	5,851.93	7,118.63
Tax Expenses	-	-	-	-	-	-	1,266.32	2,448.91	1,266.32	2,448.91
Profit(Loss) After Tax	5,698.45	6,891.86	294.04	(354.03)	(88.74)	452.37	(1,318.14)	(2,320.48)	4,585.61	4,669.72
Segment Assets	38,533.44	35,977.73	6,542.09	7,947.32	1,728.52	2,117.59	-	-	46,804.05	46,042.64
Unallocated Corporate Assets	-	-	-	-	-	-	934.60	607.17	934.60	607.17
Total Assets	38,533.44	35,977.73	6,542.09	7,947.32	1,728.52	2,117.59	934.60	607.17	47,738.65	46,649.81
Segment Liabilities	4,698.63	5,751.16	11,054.75	12,451.08	138.36	140.92	-	-	15,891.74	18,343.16
Unallocated Corporate Liabilities	-	-	-	-	-	-	1,041.43	1,368.01	1,041.43	1,368.01
Total Liabilities	4,698.63	5,751.16			138.36	140.92	1,041.43	1,368.01	16,933.17	19,711.17
Capital Expenditure	2,598.21	3,936.40	102.46	4.19	-	-	0.08	0.42	2,700.75	3,941.04
Depreciation/Amortisation	1,160.71	975.39	683.40	813.85	389.04	389.04	1.12	1.17	2,234.27	2,179.45
Non Cash Expenses other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-

Finance income and costs and fair value gains and losses on financial instruments are not allocated to individual segments as the underlying instruments are managed at company level. Current Taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed at company level.

Capital Expenditure consists of addition to Property, Plant and Equipment, Capital Work In Progress and Intangible assets.

Deepak Industries Limited
Notes to Financial Statements as at March 31, 2020

42.3 Geographical Information

(` In lakhs)

Particulars	2019-20	2018-19
Revenue by Geographical market		
Sale of Products and Services		
- Domestic	40,505.57	51,092.40
- Export	576.96	901.95
Total	41,082.53	51,994.35
Assets		
Trade Receivable (Net of Impairment allowances for bad and doubtful trade receivables)		
- Within India	8,329.14	10,404.87
- Outside India	189.28	204.36
Total	8,518.42	10,609.23

42.4 Information about major customers

Revenue in respect of automobile gear include sale to three public companies (March 31, 2019: two public companies) pertaining to the automobile sector which account for more than 10% in each case and Rs. 24293.12 Lakhs (March 31, 2019-Rs. 26353.36 Lakhs) in aggregate of the total revenue of the company.

43. Calculation of Earning Per Share is as follows :

Particulars	31st March, 2020	31st March, 2019
Net profit for basic and diluted earnings per share as per Statement of Profit and Loss (Rs. In Lakhs)	4,585.61	4,669.72
Net profit for basic and diluted earnings per share (Rs. In Lakhs)	4,585.61	4,669.72
Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value Rs. 10/- per share)		
No of equity shares outstanding as on	39,56,433	39,56,433
Weighted average number of equity shares considered in calculating basic and diluted EPS	39,56,433	39,56,433
Earnings per share (EPS) of Equity Share of Rs. 10 each :		
Basic and Diluted (a/b) (Rs.)	115.90	118.03

44. In the opinion of the management and to the best of their knowledge and belief, the value on realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet. The debit/credit balances of parties are however, subject to confirmation and adjustment, if any.

45 Post Retirement Employee Benefits

The disclosures required under Indian Accounting Standard 19 on "Employee Benefits" (Ind AS - 19) are given below:

(a) Defined Contribution Scheme

(₹ In lakhs)

Particulars	For The Year Ended March 31, 2020	For The Year Ended March 31, 2019
Contribution to Defined Contribution Plan recognised as expense for the year are as under:		
Employer's Contribution to Provident Fund	87.59	85.74
Employer's Contribution to Family Pension Fund	106.72	105.46

The Honourable Supreme Court, has passed a decision on 28th February, 2019 in relation to inclusion of certain allowances within the scope of "Basic wages" for the purpose of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Company is awaiting further clarifications in this matter in order to reasonably assess the impact on its financial statements, if any. Accordingly, the applicability of the judgement to the Company, with respect to the period and the nature of allowances to be covered, and resultant impact on the past provident fund liability, cannot be reasonably ascertained, at present.

(b) Defined Benefit Plan

The company has a defined benefit Gratuity plan. Every Employee who has completed five years or more of service is entitled to Gratuity on terms not less favorable than the provisions of The Payment of Gratuity Act, 1972. The Company makes annual contribution of Gratuity to Gratuity Fund maintained by Trust created by the company for the scheme.

The Company also extends benefit of compensated absences to the employee, whereby they are eligible to carry forward there entitlement of earned leave for encashment upon retirement/separation. This is an unfunded plan.

The Company has a separate Provident Fund Trust (Funded), whereby all the employees covered under the said Trust are entitled to benefits as per Provident Fund Act/Trust Deed. Any shortfall for the Trust is borne by Company, hence the same is treated as a defined benefit scheme. Contribution to those provident funds amounting to Rs.16.46 Lakhs (March 31, 2019 : 10.77 Lakhs) is recognised as expenses and included in " Employee Benefits Expense" .Shortfall in the funds of Rs. 2.36 Lakhs (March 31, 2019 Rs. 1.14 Lakhs) towards such trustee funds to the extent of the information available with the company has been provided.

The employee's gratuity fund scheme managed by Deepak Industries Gratuity Fund is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Gratuity (Funded)

(₹ In lakhs)

	Particulars	For The Year Ended March 31, 2020	For The Year Ended March 31, 2019
A .	Change in fair value of Defined Benefit Obligation :		
	Present Value of Defined Benefit Obligations as at the beginning of the year	826.50	781.62
	Current Service Cost	72.78	67.34
	Interest Cost	63.64	57.30
	Benefit Paid	(79.60)	(74.93)
	Actuarial (Gain) / Losses		
	Remeasurements- Due to Financial Assumptions	42.33	4.08
	Remeasurements- Due to Experience Adjustments	(30.54)	(8.91)
	Liability at the end of the year	895.11	826.50
B .	Change in Fair Value of plan Assets :		
	Fair value of Plan Assets at the beginning of the year	661.78	568.41
	Interest Income	49.16	43.77
	Contributions by the Employers	32.80	120.77
	Benefit paid	(79.60)	(74.93)
	Remeasurements- Return on Assets (excluding Interest Income)	7.35	3.76
	Fair value of plan Assets at the end of the year	671.49	661.78
C .	Amount Recognized in Balance Sheet:		
	Present Value of Defined Benefit Obligations as at the end of the year	895.11	826.50
	Fair value of Plan Assets at the end of the year	671.49	661.78
		223.62	164.72
D .	Components of Defined Benefit Cost		
	Current Service Cost	72.78	67.34
	Interest Cost	63.64	57.30
	Expected Return on Plan Assets	(49.16)	(43.77)
	Net Actuarial (Gain)/ Loss on remeasurement recognized in OCI	-	-
	Total Defined Benefit Cost recognized in the Statement of Profit and Loss	87.26	80.87
E .	Remeasurements Recognized in Other Comprehensive Income		
	Remeasurements- Due to Financial Assumptions	42.33	4.08
	Remeasurements- Due to Experience Adjustments	(30.54)	(8.91)
	Remeasurements- Return on Assets (excluding Interest Income)	(7.35)	(3.76)
	Remeasurements Recognized in Other Comprehensive Income	4.44	(8.59)
F .	Balance Sheet Reconciliation		
	Opening Net Liability	164.72	213.21
	Defined Benefit Cost included in Profit and Loss	87.26	80.87
	Remeasurements Recognized in Other Comprehensive Income	4.44	(8.59)
	Employers Contribution	(32.80)	(120.77)
	Amount Recognized in Balance Sheet	223.62	164.72

G .	Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows:	(₹ In lakhs)	
	Particulars	As at March 31, 2020	As at March 31, 2019
	Equity	-	-
	Bonds	98.31	96.29
	Other Current Assets	1.69	3.71
	Insurance policies	-	-
H .	The Principal Actuarial Assumptions as at Balance Sheet date are set out as below:		
	Summary of Financial Assumption		
	Discount Rate	7.00%	7.70%
	Salary Escalation- First Five Years	6.00%	6.00%
	Salary Escalation- After Five Years	6.00%	6.00%
	Expected Return on Plan Assets	7.00%	7.70%
	Summary of Demographic Assumptions		
	Mortality Rate	IALM (2012-14) Table Ultimate	
	Disability Rate(a % of above mortality rate)	5.00%	5.00%
	Withdrawal Rates	1% to 8%	1% to 8%
	Retirement Age	58 Years	58 Years
	Average future service	19.23	19.74

I. Sensitivity analysis

(₹ In lakhs)

Particulars	Change in Assumptions	For The Year Ended March 31, 2020	For The Year Ended March 31, 2019
Salary Escalation	1%	964.17	886.24
Salary Escalation	-1%	833.90	773.01
Withdrawal Rates	1%	898.85	832.25
Withdrawal Rates	-1%	890.87	820.02
Discount Rate	1%	836.31	775.33
Discount Rate	-1%	962.26	884.58

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

J. Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

(₹ In lakhs)

Particulars	Gratuity
01 Apr 2019 to 31 Mar 2020	145.63
01 Apr 2020 to 31 Mar 2021	53.23
01 Apr 2021 to 31 Mar 2022	100.48
01 Apr 2022 to 31 Mar 2023	79.77
01 Apr 2023 to 31 Mar 2024	89.74
01 Apr 2024 Onwards	1,189.08

K.

Particulars	As at March 31, 2020	As at March 31, 2019
Average number of people employed	958	986

**Other Long Term Employee Benefit
Compensated absences (Unfunded)**

(₹ In lakhs)

Particulars	For The Year Ended March 31, 2020	For The Year Ended March 31, 2019
A . Change in fair value of Defined Benefit Obligation :		
Present Value of Defined Benefit Obligations as at the beginning of the year	197.67	187.30
Current Service Cost	28.14	15.60
Interest Cost	15.22	13.94
Benefit Paid	(8.19)	(12.53)
Remeasurements- Due to Financial Assumptions	9.52	0.62
Remeasurements- Due to Experience Adjustments	(33.59)	(7.26)
Liability at the end of the year	208.77	197.67
B . Change in Fair Value of plan Assets :		
Contributions by the Employers	8.19	12.53
Benefit paid	(8.19)	(12.53)
Fair value of plan Assets at the end of the year	-	-
C . Amount Recognized in Balance Sheet:		
Present Value of Defined Benefit Obligations as at the end of the year	208.77	197.67
Fair value of Plan Assets at the end of the year	-	-
	208.77	197.67
D . Components of Defined Benefit Cost		
Current Service Cost	28.14	15.60
Interest Cost	15.22	13.94
Total Defined Benefit Cost recognized in the Statement of Profit and Loss	43.36	29.54
E . Remeasurements Recognized in Other Comprehensive Income		
Remeasurements- Due to Financial Assumptions	9.52	0.62
Remeasurements- Due to Experience Adjustments	(33.59)	(7.26)
Remeasurements Recognized in Other Comprehensive Income	(24.07)	(6.64)

F .	Balance Sheet Reconciliation		
	Opening Net Liability	197.67	187.30
	Defined Benefit Cost included in Profit and Loss	43.36	29.54
	Remeasurements Recognized in Other Comprehensive Income	(24.07)	(6.64)
	Employers Contribution	(8.19)	(12.53)
	Amount Recognised in Balance Sheet	208.77	197.67

G . Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows: (₹ In lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Equity	N.A.	N.A.
Bonds	N.A.	N.A.
Other Current Assets	N.A.	N.A.
Insurance policies	N.A.	N.A.
H .		
The Principal Actuarial Assumptions as at Balance Sheet date are set out as below:		
Summary of Financial Assumption		
Discount Rate	7.00%	7.70%
Salary Escalation- First Five Years	6.00%	6.00%
Salary Escalation- After Five Years	6.00%	6.00%
Expected Return on Plan Assets	N.A.	N.A.
Summary of Demographic Assumptions		
Mortality Rate	IALM (2012-14) Table Ultimate	
Disability Rate(a % of above mortality rate)	5.00%	5.00%
Withdrawal Rates	1% to 8%	1% to 8%
Retirement Age	58 Years	58 Years
Average future service	19.22	19.73

I. Sensitivity analysis

(₹ In lakhs)

Particulars	Change in Assumptions	For The Year Ended March 31, 2020	For The Year Ended March 31, 2019
Salary Escalation	1%	225.09	211.93
Salary Escalation	-1%	194.48	185.14
Withdrawal Rates	1%	209.90	199.38
Withdrawal Rates	-1%	207.49	195.74
Discount Rate	1%	194.88	185.44
Discount Rate	-1%	224.80	211.71

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

J. Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

(₹ In lakhs)

Particulars	Leave
01 Apr 2019 to 31 Mar 2020	48.15
01 Apr 2020 to 31 Mar 2021	50.06
01 Apr 2021 to 31 Mar 2022	23.24
01 Apr 2022 to 31 Mar 2023	16.46
01 Apr 2023 to 31 Mar 2024	15.81
01 Apr 2024 Onwards	283.06

(₹ In lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Average number of people employed	958	986

46. FINANCIAL INSTRUMENTS

The accounting classification of each category of financial instrument, their carrying amount and fair value are as follows:-

(` In lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Current and Non-Current)				
Financial Assets measured at Amortised Cost				
Trade receivables	8,518.42	8,518.42	10,609.23	10,609.23
Cash and cash equivalents	900.85	900.85	96.09	96.09
Other Bank Balances	14,688.46	14,688.46	8,663.17	8,663.17
Other Financial Assets	758.20	758.20	531.04	531.04
Unquoted Non-Convertible Non-cumulative Redeemable Preference Instruments	111.72	111.72	100.85	100.85
Total	24,977.65	24,977.65	20,000.38	20,000.38
Financial Liabilities (Current and Non-Current)				
Financial Liabilities measured at Amortised Cost				
Borrowings	8,328.22	8,328.22	10,622.05	10,622.05
Trade Payables	3,893.54	3,893.54	4,626.68	4,626.68
Other Financial Liabilities	1,872.64	1,872.64	1,524.10	1,524.10
Total	14,094.40	14,094.40	16,772.83	16,772.83

Fair Valuation Techniques

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

The fair value of cash and cash equivalents, other bank balances, current trade receivables and payables, other current financial liabilities and assets approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost/amortised cost in the financial statements approximate their fair values.

A substantial portion of the company's long-term debt has been contracted at floating rates of interest, which are reset at short intervals. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the company.

Fair value of Investment in unquoted Non Cumulative Non Convertible Redeemable Preference Share and security deposit which can not be measured based on quoted prices in active market have been determined on Effective interest Rate method(EIR) and differential thereof has been recognised as deferred loss/gain and to be recognised to profit and loss over the tenure of the instrument .

FINANCIAL RISK MANAGEMENT

The Company's financial liabilities comprise mainly of borrowings, trade and other payables. The Company's financial assets comprise mainly of cash and cash equivalents, other balances with banks including Fixed Deposits with Banks, trade receivables and other receivables, Deposits and Investment.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Company's senior management oversees the management of these risks. The Board of Director reviews and agrees policies for managing each of these risks. This however, does not take into account the possible effect of prevailing pandemic due to outbreak of COVID-19 being based on future development and currently not determinable as dealt with in Note 47.

MARKET RISK

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Financial instruments affected by market risk includes borrowings, investments, trade payables and trade receivables.

Interest rate risk

The company's exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. Interest rate risks is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the company's cash flows as well as costs. Borrowings at fixed interest rate exposes the company to the fair value interest rate risk.

Further there are deposits with banks which are for short term period are exposed to interest rate risk, falling due for renewal.

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings.

(` In lakhs)

Nature of Borrowing	Increase in basis points	As at March 31, 2020	As at March 31, 2019
Rupee Loan	0.50	43.21	45.33

A decrease in 0.50 basis point in Rupee Loan would have an equal and opposite effect on the Company's financial statements

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's trade and other receivables and trade and other payables and these are unhedged.

The Company evaluates the impact of foreign exchange rate fluctuation by assessing its exposure to exchange rate risks.

The carrying amount of various exposures to foreign currency as at the end of the reporting period are as follows :

(` In lakhs)

Particulars	As at March 31, 2020			
	Trade Receivables	Trade Payables	Other Current Liabilities	Net Assets / (liabilities)
SGD	37.81	-	-	37.81
STP	8.01	-	-	8.01
USD	141.16	35.05	69.44	71.72
EURO	2.30	248.76	353.00	(599.46)
Total	189.28	283.81	422.44	(481.92)

(In lakhs)

Particulars	As at March 31, 2019			
	Trade Receivables	Trade Payables	Other Current Liabilities	Net Assets / (liabilities)
SGD	44.65	-	-	44.65
STP	7.88	-	-	7.88
USD	150.77	17.80	-	132.97
EURO	-	353.71	10.66	(364.37)
Total	203.30	371.51	10.66	(178.87)

Sensitivity analysis resulting in profit or loss mainly from SGD, STP, USD, and EURO denominated receivables and payables are as follows

(In lakhs)

Particulars	For The Year Ended 31st March, 2020	For The Year Ended 31st March, 2019
Receivables (Weaking of INR by 5%)		
SGD	1.89	2.23
STP	0.40	0.39
USD	7.06	7.54
EURO	0.12	-
Total	9.47	10.16
Payables (Weaking of INR by 5%)		
SGD	-	-
STP	-	-
USD	(5.22)	(0.89)
EURO	(30.09)	(1.00)
Total	(35.31)	(1.89)

Figures in bracket represents loss

A 5% strengthening of INR would have an equal and opposite effect on the Company's financial statements.

CREDIT RISK

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily trade receivables and other financial assets including deposits with Bank. Exposure to credit risk is monitored on an ongoing basis. The Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends and ageing of accounts receivable.

The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

The carrying amount of respective financial assets recognised in the financial statements, (net of impairment losses), represents the Company's maximum exposure to credit risk. The concentration of credit risk is limited due to the customer base being large and unrelated.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Receivables from customers are reviewed/evaluated periodically by the management and appropriate impairment allowances for doubtful debts are made to the extent recovery there against has been considered to be remote.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, investment and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks are held with reputed and credit worthy banking institutions.

Financial assets that are past due but not impaired

Trade receivables amounts that are past due at the end of the reporting period against which no credit losses has been expected to arise except those which are impaired.

LIQUIDITY RISK

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital loans from banks. The Company invests its surplus funds in bank fixed deposit which carry no market risk. The company relies on borrowings and internal accruals to meet its fund requirement. The current committed line of credit are sufficient to meet its short to medium term fund requirement.

Liquidity table

The following tables detail the Company's contractual maturity for its non derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows as at balance sheet date:

Interest rate and currency of borrowings

As at March 31, 2020

Particulars	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings	Weighted average interest rate
INR	8,328.22	8,282.00	46.22	8.72%

Interest rate and currency of borrowings

As at March 31, 2019

Particulars	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings	Weighted average interest rate
INR	10,622.05	10,522.72	99.33	7.60%

Maturity Analysis of unamortised Financial Liabilities

As at March 31, 2020

Particulars	Carrying Amount	On Demand	(' In lakhs)			Total
			Less than 6 months	6 to 12 months	> 1 year	
Borrowings	8,334.34	5,877.65	221.33	476.92	1,758.44	8,334.34
Other Financial Liabilities	1,872.64	-	1,437.50	2.22	432.92	1,872.64
Trade and other payables	3,893.54	-	3,893.54	-	-	3,893.54

As at March 31, 2019

Particulars	Carrying Amount	On Demand	(' In lakhs)			Total
			Less than 6 months	6 to 12 months	> 1 year	
Borrowings	10,628.57	7,555.84	419.71	396.60	2,256.42	10,628.57
Other Financial Liabilities	1,524.10	-	941.18	144.05	438.87	1,524.10
Trade and other payables	4,626.68	-	4,626.68	-	-	4,626.68

The company has current financial assets which will be realised in ordinary course of business. The Company ensures that it has sufficient cash on demand to meet expected operational expenses. The company relies on operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender.

CAPITAL MANAGEMENT

a) The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The Company's objective when managing capital is to safeguard their ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stake holders. The Company is focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without where the risk profile of the Company.

The gearing ratio are as follows :

Particulars	(In lakhs)	
	As at March 31, 2020	As at March 31, 2019
Borrowings	8,328.22	10,622.05
Less: Cash and Cash Equivalents	900.85	96.09
Net Debt	7,427.37	10,525.96
Equity	30,409.84	26,938.64
Equity and Net Debt	37,837.21	37,464.60
Gearing Ratio	0.20	0.28

b) During the year, the company has paid an interim dividend at the rate 50% of the face value of Rs. 10/- (Rs. 5/- per equity share) for the financial year 2019-20. The interim dividend paid by the company has been confirmed at the Board meeting held on 28.07.2020 as the final dividend for the financial year 2019-2020.

47. Consequent to outbreak of COVID 19 ,which has been declared a pandemic by World Health Organisation (WHO), Government of India and State Governments have declared lockdown effective from 25th March 2020 which have affected business in general. The Company's primary source of revenue is from manufacturing and selling of automobile and industrial gears. The company's operation have been affected due to loss of production, suspension of the operation, disruption in supply chain , increase in credit period in respect of customer dues and non availability of personnel during lockdown and various other facilities affecting the overall liquidity due to blockage of funds in inventories, receivables, etc. The production have started gradually from May, 2020 in all plants of the company. The Company has considered internal and external information while finalizing various estimates and taking assumptions in relation to its Financial Statements preparation upto the date of approval of the Financial Statements by the Board of Directors and no material impact of COVID-19 on the financial performance interalia including the carrying value of various current and non current assets or on the going concern assumptions of the Company is expected to arise. However, the estimates used for assessing the carrying value of assets and liabilities at 31st March 2020 during the COVID 19 pandemic may undergo change as these are dependent upon future development of the economy and Industry. The company will continue to monitor the variation in situations and consider the same as and when determinable.

48. Previous year's figures in the Financial Statements have been reclassified/rearranged to conform to current year's classification.

49. These financial statements have been approved by Board of Directors of the Company in their meeting dated July 28, 2020 for issue to the shareholders for their adoption.

As per our report of even date

For Lodha & Co
Chartered Accountants
Firm Regn No. 301051E

Boman Parakh
Partner
Membership No. 053400
Kolkata
July 28, 2020

For and on behalf of the Board of Directors

Y K Daga
(DIN: 00040632)

Vice Chairman-Cum-joint-
Managing Director

A P Agarwalla
(DIN: 00312652)

Maneesh Khanna
Chief Financial Officer

S Chakravorti
(DIN: 00066344)

Meera Dokania
(DIN: 07094376)

V D Mall
Company Secretary