

ANNUAL REPORT

&

ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH, 2014

DEEPAK INDUSTRIES LIMITED

P. K. DAGA

CHAIRMAN-CUM-MANAGING DIRECTOR

S. CHAKRAVORTI
A. P. AGARWALLA
S. C. MOHTA

DIRECTORS

V. D. MALL

COMPANY SECRETARY

SINGHI & CO.
Chartered Accountants

AUDITORS

STATE BANK OF INDIA
UCO BANK

BANKERS

Maheshwari Datamatics Pvt.Ltd
6, Mangoe Lane, 2nd Floor
Kolkata - 700 001
Phone : 033-2243-5809; 2243-5029
Fax : 033-2248-4787
E-mail : mdpl@cal.vsnl.net.in
Website : www.mdpl.in

REGISTRAR & SHARE TRANSFER AGENTS

DEEPAK INDUSTRIES LIMITED
CIN No. L63022WB1954PLC021638

CORPORATE DETAILS

Registered Office :
16, Hare Street, 2nd Floor
Kolkata - 700 001
Phone : 033-2248-2391/2/3
Fax : 033-2248-9382
Website : www.dil-india.com
E-mail : secretary@dil-india.com

NOTICE

Notice is hereby given that the Annual General Meeting of the shareholders of the Deepak Industries Limited will be held at 16, Hare Street, 2nd Floor, Kolkata - 700 001 on Thursday the 25th September, 2014 at 2.00 PM. to transact the following business :

Ordinary Business :

1. To receive consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 and the statement of profit and loss for the year ended on that date together with the reports of the Board of Directors and Auditors of the Company thereon.
2. To appoint a director in place of Shri Suresh Chand Mohta (Holding DIN No.00066305) who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration..

Special Business :

4. To consider and if thought fit to pass the following resolution as an ordinary resolution :
 "Resolved that pursuant to section 149 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV of the Companies Act, 2013 Shri Anand Prasad Agarwalla (Holding DIN No.00312652) Director of the Company be and is hereby appointed as an Independent Director of the company for a term of five consecutive years from 1st October, 2014 to 30th September, 2019 and who shall not be liable to retirement by rotation."
5. To consider and if thought fit to pass the following resolution as an ordinary resolution:
 "Resolved that pursuant to section 149 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with schedule IV of the Companies Act, 2013 Shri Sujit Chakravorti (Holding DIN No.00066344) Director of the Company be and is hereby appointed as an Independent Director of the company for a term of five consecutive years from 1st October, 2014 to 30th September, 2019 and who shall not be liable to retirement by rotation."

6. To consider and if thought fit to pass the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to Section 143(8) and other applicable provisions, if any, of the Companies Act, 2013, M/s Salarpuria Jajodia & Co., Chartered Accountants,(Firm's Registration No.302111E) be and are hereby re-appointed as Branch Auditors to audit the Books of Accounts of Branches New Allenberry Works, at Kolkata, Faridabad, and Rudrapur of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company in consultation with the said Auditors.

7. To consider and if thought fit to pass the following resolution as an ordinary resolution:

"Resolved that pursuant to section 14 and any other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) regulation 98 of the Articles of Association of the Company be and is hereby altered by substitution of the following new regulation 98 and a regulation 98A be entered after the regulation 98 as follows :

"98. The Managing Director shall while continuing to hold that office, be subject to retirement by rotation under section 152 of the Companies Act, 2013 and shall be reckoned as a director whose period of office is liable to determination by retirement of directors by rotation and shall ipso facto and immediately cease to be Managing Director if he/she ceases to hold the office of the Director from any cause other than by retirement by rotation unless re-elected but shall not cease to hold the office of Director if he/she ceases to hold the office of Managing Director."

"98A. An individual may hold the dual position of the Chairperson and Managing Director or Chief Executive Officer of the Company at the same time if the Board so resolves."

8. To consider and if thought fit to pass the following resolution as a special resolution:

"RESOLVED THAT in supercession of the Ordinary resolution passed under section 293(1)(d) of the Companies Act, 1956 on 25th August, 2011 in the matter, and pursuant to Section 180(1)(c) and all other applicable provisions of the Companies Act,

2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution) borrowing from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that moneys to be borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not so set apart for any specific purpose, provided that the total amount up to which money may be borrowed by the Board of Directors shall not exceed the aggregate of the paid-up capital and free reserves of the Company by more than the sum of Rupees three hundred Crores at any time."

"Resolved further that the Board of the company be and is hereby authorized to do or cause to be done all such acts, deeds and other things as it may in its absolute discretion deem fit, proper and necessary or incidental thereto, for giving effect to the aforesaid resolution."

9. To consider and if thought fit to pass the following resolution as a special resolution:

"RESOLVED THAT in supercession of the Ordinary resolution passed under section 293(1)(a) of the Companies Act, 1956 on 25th August, 2011 in the matter, and pursuant to section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 and rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include any committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this resolution) to mortgaging and/or charging all or any of the movable or immovable properties both present and future or the whole or substantially the

whole of the undertaking or the undertakings of the Company both present and future in favour of the lenders for securing any financial assistance obtained or as may be obtained time to time from any financial institutions, banks and Trustees for the holders of debentures/bonds/other Instruments and all other lenders to extent of such amount as may be lent by them within the borrowing powers of the Company under Section 180(1)(c) of the Companies Act, 2013 together with interest, penal interest, costs, charges, expenses, liquidated damage and any other money payable by the Company."

Resolved further that the Board of Directors of the Company be and is hereby authorized to

- (i) finalise with the lenders, agreements and other documents, if any, necessary for creating the mortgages, charges, hypothecations as aforesaid and to accept any modification(s) to, or modify, alter or vary, the terms and conditions of the aforesaid documents and
 - (ii) do all such acts, deeds and things and to execute all such documents, deeds and instruments in writing as may be required, incidental to and/or expedient for giving effect to this resolution and to resolve any question relating thereto, or otherwise considered by the Board to be in the best interest of the company."
10. To consider and if thought fit to pass the following resolution as a 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. S. Chander & Associates, Cost Accountants, Faridabad (Firm's Registration No. 302049) for conducting the audit of the cost records of the company for the year 2014-15 determined by the Board of Directors of the Company at ₹ 125000/- (apart from service tax including cess as applicable and out of pocket expenses) be and is hereby approved and ratified."

By Order of the Board

Place : Kolkata
Date : 30th May, 2014

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 Register of Members and the Share Transfer books of the Company will remain closed from 22/09/2014 to 25/09/2014 (date of AGM) (both days inclusive) for annual closing.
4. Company has appointed M/S Maheshwari Datamatics Private Limited, 6, Mangoe Lane, 2nd 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: mdplc@yahoo.com and secretary@dil-india.com.
5. 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.
6. Members are requested to notify change in address, if any, immediately to the above referred Registrar quoting their Folio numbers.
7. 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.

8. 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.
9. Details under Clause 49 of the Listing Agreement with the Stock Exchange 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.
10. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report for 2013-14 is being sent in the permitted mode. Positive consent letter is attached to the Notice being sent to the members for giving consent to receive documents in electronic mode.
11. In future, Electronic copy of the Notice of the General Meetings of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form will be sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
12. Members may also note that the Notice of the Annual General Meeting and the Annual Report for 2013-14 will 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. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost.

13. Documents 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 up to and including the date of the Annual General Meeting of the Company.
14. The Company has connectivity with both NSDL and CDSL under ISIN No INE485J01016.

E-Voting Procedure

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with rule 20 of the Companies (Management and Administration) Rules 2014, the Company is pleased to offer e-voting facility as an alternate mode of voting which will enable the Members to cast their votes electronically on the resolutions mentioned in

- (vi) Now, fill up the following details in the appropriate boxes :

| | For Members holding shares in Demat Form | For Members holding shares in 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) | |
| DOB# | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format. | |
| Dividend Bank Details# | Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. | |

*Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and FOLIO number in the PAN field. Incase the FOLIO number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name. Eg. If your name is Ramesh Kumar with FOLIO number 1 then enter RA00000001 in the PAN Field.

Please enter any one of the details in order to login. Incase both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to

this notice of Annual General Meeting of the Company. The instructions for members for voting electronically are as under :

- (i) Log on to the e-voting website **www.evotingindia.com**
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "DEEPAK INDUSTRIES LIMITED" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID (For **CDSL** : 16 digits beneficiary ID, For **NSDL** : 8 Character DP ID followed by 8 Digits Client ID), Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.

- (vi) share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for the relevant < DEEPAK INDUSTRIES LIMITED > on which you choose to vote.
- (xi) 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.

- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. They should submit a scanned copy of the Registration form bearing the stamp and sign of the entity. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xviii) The voting period begins on 19/09/2014 (10.00 A.M.) and ends on 21/09/2014 (6.00 P.M.) During this period Shareholders of the Company, holding shares wither in physical form or in dematerialized form, as of the cut-off date of 16/08/2014, may cast vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (xix) In case you have queries on issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- II. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 16/08/2014.
- III A copy of this notice has been placed on the website of the company and website of CDSL.
- IV. Smt Mamta Binani, Practicing Company Secretary (Certificate of Practice No. 2598) has been appointed as Scrutinizer for conducting the e-voting process in a fair and transparent manner.
- V. The Scrutinizer shall with a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at two (2) witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman.
- VI. The Results declared along with Scrutinizer's Report shall be placed on the Company's website www.dil-india.com and on the website of CDSL within two (2) days of the passing of the resolutions at the AGM of the Company and communicated to The Calcutta Stock Exchange Limited.

Physical Voting by postal Ballot

- In case of those members, who do not have access to e-voting facility, they can use the Ballot form sent herewith or can be downloaded from our website www.dil-india.com and convey their assent / dissent to each one of the items of business to be transacted at the ensuing AGM.
- A Member desiring to exercise vote by physical Ballot form may complete this Ballot form and send it to the Scrutinizer in the enclosed postage pre-paid Self Addressed Business Reply Envelope. Envelopes containing Ballot forms, if sent by courier at the expense of the Member will also be accepted.
- The Scrutinizer's decision on the validity of an Ballot form will be final.
- If a shareholder has opted for Physical Ballot Form, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through both physical Ballot form and e-voting, then vote cast through e-voting shall be considered, and vote cast through Ballot form subject to the form being found to be valid shall be treated as invalid.
- The Scrutinizer shall make a Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman.
- The Results declared along with Scrutinizer's Report shall be placed on the Company's website www.dil-india.com and on the website of CDSL within two (2) days of the passing of the resolutions at the AGM of the Company and communicated to The Calcutta Stock Exchange Limited.

Place : Kolkata
Date : 30th May, 2014

By Order of the Board
V D MALL
Company Secretary

ANNEXURE TO THE NOTICE

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

Relating to item No.4

Shri Anand Prasad Agarwalla is a Non- Executive Director of the Company. He is a eminent lawyer having vast experience in legal matters and thus possesses the qualification and experience as prescribed in the Act and rules made there under.

Shri Anand Prasad Agarwalla is proposed to be appointed as an Independent Director for a term of five consecutive years from 1st October, 2014 till 30th September, 2019. Shri Anand Prasad Agarwalla in the Board meeting held on 30/05/2014 has given a declaration that he meets the criteria of independence as provided in section 149 of the Companies Act, 2013. The said appointment has been made subject to the approval of the Company in general meeting of the Company.

In the opinion of the Board Shri Anand Prasad Agarwalla, fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and he is independent of the management of the Company. Copy of the draft letter for his appointment as an Independent director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered office of the Company during normal business hours on any working day excluding Saturday.

It is, therefore, in the Company's interest that it should continue to avail his services as an independent member of the Board. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director for the approval of the shareholders of the Company.

The Brief resume of Shri Anand Prasad Agarwalla has been provided in the annexure to this notice.

None of the Directors and Key Management Personnel of the Company and their relatives are concerned or interested in this resolution financially or otherwise except the said appointee and his relative. This explanatory statement may also be regarded as a disclosure under clause 49 of the Listing Agreement with the Stock Exchange.

Relating to item No.5

Shri Sujit Chakravorti is Non-Executive Director of the Company. He is Ex Chairman and Managing Director of Andrew Yule Company Limited and is presently a Practising Chartered Accountant and thus possesses the qualification and experience as prescribed in the Act and rules made there under.

Shri Sujit Chakravorti is proposed to be appointed as an Independent Director for a term of five consecutive years from 1st October, 2014 till 30th September, 2019. Shri Sujit Chakravorti in the Board meeting held on 30/05/2014 has given a declaration that he meets the criteria of independence as provided in section 149 of the Companies Act, 2013. The said appointment has been made subject to the approval of the Company in general meeting of the Company.

In the opinion of the Board Shri Sujit Chakravorti, fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and he is independent of the management of the Company. Copy of the draft letter for his appointment as an Independent director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered office of the Company during normal business hours on any working day excluding Saturday.

It is, therefore, in the Company's interest that it should continue to avail his services as an independent member of the Board. Accordingly, the Board recommends the resolution in relation to his appointment as an Independent Director for the approval of the shareholders of the Company.

The Brief resume of Shri Sujit Chakravorti has been provided in the annexure to this notice.

None of the Directors and Key Management Personnel of the Company and their relatives are concerned or interested in this resolution financially or otherwise except the said appointee and his relative. This explanatory statement may also be regarded as a disclosure under clause 49 of the Listing Agreement with the Stock Exchange.

Relating to item No. 6

The books of accounts of the Company pertaining to branches of the Company New Allenberry Works, located at Kolkata, Faridabad, and Rudrapur are being audited by the branch auditors M/s. Salarpuria Jajodia & Co., other than the statutory auditors of the Company. It is proposed to re-appoint M/s. Salarpuria Jajodia & Co., Chartered Accountants, as branch auditors to audit the books of Accounts of New Allenberry Works, Kolkata, Faridabad and Rudrapur. The Board, therefore,

recommends that as required under section 143(8) of the Companies Act, 2013, the members of the Company approve the resolution as ordinary resolution.

None of the director and Key Managerial Personnel of the company and their relatives are concerned or interested financially or otherwise in this resolution.

Relating to item No. 7

Section 203 of the Companies Act, 2013 provides that an individual shall not be appointed or reappointed as the chairperson of the Company in pursuance of the articles of the company as well as the managing director or CEO of the Company at the same time after the commencement of the Act unless the articles of such company provide otherwise.

Shri Pradip Kumar Daga is holding the dual position of Chairman-cum-Managing Director of the Company as per the terms of appointment vides Board resolution dated 30/05/2013 and resolution of the shareholders of the Company passed on 08/08/2013. He is subject to non-retirement as per the regulation 98 of the Articles of Association of the company and the articles of the Company does not clearly provide holding by an individual dual position of Chairperson-cum- Managing director.

To make the 2/3 of the total number of directors of the company liable to determination by retirement by rotation, it is considered necessary to make the office of the Managing Director liable to determination by retirement by rotation.

It is therefore proposed to alter the existing regulation 98 and also to add a new regulation 98A of the Articles of Association of the company.

The Board recommends passing of this resolution by the shareholders of the company by special resolution.

A copy of the Articles of Association of the company together with the proposed alteration is available for inspection of the members during the business hours as provided elsewhere in this notice.

Shri Pradip Kumar Daga and his relatives and all other KMPs and their relatives of the Company are deemed to be interested or concerned financially or otherwise in this resolution.

Relating to item No. 8 & 9

At the general meeting of the Company held on 25th August, 2011, the company has accorded by ordinary resolution its consent under section 293(1) (d) of the Companies Act, 1956 to the Board of Directors borrowing moneys up to a limit of Rupees two hundred Crores (apart from the temporary loans obtained from the Bankers of the Company in the ordinary course of business).

Similarly, at the said general meeting of the Company held on 25th August, 2011, the company has accorded by ordinary resolution its consent under section 293(1)(a) of the Companies Act, 1956 to the Board of Directors for charging and mortgaging of the Company's assets including land, building and plant and machineries.

The Companies Act, 2013 vide section 180(1) (c) and section 180(1) (a) corresponding to sections 293(1) (d) and section 293(1) (a) of the companies Act, 1956 respectively requires the consent by special resolution.

Borrowing in excess of the capital and free reserves of the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) requires the approval of the members of the Company in the general meeting of the Company by special resolutions under section 180(1) (c). The maximum amount for which the borrowings can exceed the paid up capital and free reserves of the Company (apart from the temporary loans obtained from the Bankers of the Company in the ordinary course of business) has been fixed at Rupees three hundred Crores. and the resolution under section 180(1) (a) of the Companies Act, 2013 authorise the Board for charging and/or mortgaging of the properties of the Company for all amounts lent by the lending institutions to extent of such amount as may be lent by them within the borrowing powers of the Company and your directors recommend the resolutions for approval of the members by Special resolutions.

None of the Directors and Key Management Personnel of the Company and their relatives are concerned or interested in these resolutions financially or otherwise.

Relating to item No.10.

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 ratified by the shareholders of the Company and your directors recommend the resolutions for approval of the members by Special resolutions.

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

By Order of the Board

Place : Kolkata
Date : 30th May, 2014

V D MALL
Company Secretary

Information required to be furnished under clause 49 of the Listing Agreement in respect of the Appointment/Re-appointment of the Directors

| | | | |
|--|--|---|--|
| Name of the Director | Shri Anand Prasad Agarwalla | Shri Sujit Chakravorti | Shri Suresh Chand Mohta |
| Date of Birth | 05/11/1951 | 13/09/1943 | 30/05/1950 |
| Date of Appointment | 30/03/2002 | 30/10/2007 | 30/03/2002 |
| Qualification | B.Com, LLB | M.Com., FCA, FICWA | B.Com, FCS, LL.B |
| Experience in specific functional areas | Renowned Attorney – At-Law and Advocate with more than 25 years of experience. | Ex-Chairman & Managing Director of Andrew Yule & Company Limited and is currently a practicing Chartered Accountant | Secretarial, Finance and Administration for about more than 40 years |
| Directorship in other Companies | Nil | 1.Sharda Plywood Industries Limited, 2.WEBFIL Limited, 3.Parcon (India) Private Limited, 4.Infusions (India) Ltd. 5.Durgapur Chemicals Limited and 6.Durgapur Projects Limited | Nil |
| Chairmanship Membership/ of Committees of Other Public Companies | Nil | Chairman of Audit Committee : 1. WEBFIL Limited 2. Sara Plywood Industries Limited, 3. Durgapur Chemicals Limited, 4. Durgapur Projects Limited. Member of the Audit Committee : Nil | Nil |
| Shareholding in the Company | Nil | Nil | Nil |
| Relationship with other directors | No | No | No |

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

BALLOT FORM FOR VOTING ON RESOLUTIONS IN THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON THURSDAY THE 25TH SEPTEMBER, 2014 AT 2 PM

1. Name(s) Registered Address of the sole / first named Member
2. Name(s) of the Joint Holder(s), If any
3.
 - i) Registered Folio No.
 - ii) DP ID No. & Client ID No.
[Applicable to Members holding shares in dematerialized form]
4. Number of Share(s) held

I/We hereby exercise my/our vote in respect of the following resolutions to be passed for the business stated in the Notice of the Annual General Meeting dated 30th May 2014, by conveying my / our assent or dissent to the resolutions by placing tick (✓) mark in the appropriate box below :

| Sl. No. | RESOLUTIONS | No. of Shares | I/We assent to the Resolution (FOR) | I /We dissent to the Resolution (AGAINST) |
|--------------------------|---|---------------|-------------------------------------|---|
| ORDINARY BUSINESS | | | | |
| 1. | Ordinary Resolution to Consider and adopt Audited Balance Sheet as at 31st March 2014 and Reports of the Board of Directors and Auditors. | | | |
| 2. | Ordinary Resolution for re-appointment of Shri Suresh Chand Mohta who retires by rotation. | | | |
| 3. | Ordinary Resolution under Section 139 of the Companies Act, 2013 for appointment of Messrs. Singhi & Co., Chartered Accountants as Auditors and fixing their remuneration. | | | |
| SPECIAL BUSINESS | | | | |
| 4. | Ordinary Resolution under Section 149 of the Companies Act, 2013 for appointment of Shri Anand Prasad Agarwalla as Independent Director. | | | |
| 5. | Ordinary Resolution under Section 149 of the Companies Act, 2013 for appointment of Shri Sujit Chakravorti as Independent Director. | | | |
| 6. | Ordinary business under section 143(8) for appointment of M/s. Salaruria Jajodia & Co., as Brach Auditors | | | |
| 7. | Special Resolution under Section 14 of the Companies Act, 2013 for amendment of certain Articles of the Articles of Association of the Company. | | | |
| 8. | Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing an amount not exceeding Rs. 300 crores over and above the aggregate of the paid up share capital and free reserves of the Company. | | | |
| 9. | Special Resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of security. | | | |
| 10. | Ordinary Resolution under Section 148 of the Companies Act, 2013 for approval of the remuneration of the Cost Auditors. | | | |

Place :

Date :

Signature of the Member Or Authorised Representative

- Notes :**
- (I) If you to cast your vote by e-voting, there is no need to fill up and sign this form
 - (II) Last date for receipt of Ballot Form; 21/09/2014 (6.00 P.M.)
 - (III) Please read the instructions printed overleaf carefully before exercising your vote.

INSTRUCTIONS

General Instructions

1. The notice of Annual General Meeting is dispatched/e-mailed to the members whose names appear on the Register of Members as on 16/08/2014 and voting rights shall be reckoned on the paid up value of the shares registered in the name of the shareholders as on the said date.

Instructions for voting physically on Ballot Form

1. A Member desiring to exercise vote by Ballot Form should complete this Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, Ms. Mamta Binani, Practicing Company Secretary on or before the close of working hours i.e. 6.00 p.m. on 21/09/2014. All Forms received after this date will be strictly treated as if the reply from such Member has not been received.
2. This Form should be completed and signed by the shareholders (as per the specimen signature registered with the Company /Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
3. In respect of shares held by Corporate and Institutional shareholders (companies, trusts, societies, etc.), the completed Ballot Form should be accompanied by a certified copy of the relevant Board Resolution/appropriate authorization, with the specimen signature(s) of the authorized signatory(ies) duly attested.
4. The consent must be accorded by recording the assent in the column "FOR" or dissent in the column "AGAINST" by placing a tick mark (✓) in the appropriate column in the Form. The assent or dissent received in any other form shall not be considered valid.
5. Members are requested to fill the form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
6. There will be one Ballot Form for every folio/Client id irrespective of the number of joint holders.
7. A Member may request for a duplicate Ballot Form, if so required, and the same duly completed should reach the Scrutinizer not later than the date specified under instruction No.1 above.
8. Members are requested not to send any other paper along with the Ballot Form. They are also requested not to write anything in the ballot form excepting giving their assent or dissent and putting their signature. If any such other paper is sent, the same will be destroyed by the scrutinizer.
9. The Scrutinizer's decision on the validity of the Ballot Form will be final and binding.
10. Incomplete, unsigned or incorrectly ticked Ballot Forms will be rejected.

DEEPAK INDUSTRIES LIMITED

CIN No.L63022WB1954PLC021638

Registered office : 16, Hare Street, Kolkata-700 001

Email : secretary@dil-india.com; Phone No. : 033-2248-2391/2/3 Fax No. : 033-2243-9382

ATTENDANCE SLIP

Only Shareholders or the Proxies will be allowed to attend the meeting.

| | | | |
|------------|--|--------------------|--|
| D.P.ID* | | L.F.No. | |
| Client ID* | | No. of Shares held | |

I/ We hereby record my/our presence at the Annual General meeting of the Company being held on Thursday, the 25th September, 2014 at 2.00 P.M.at Deepak Industries Limited, 16, Hare Street, 2nd Floor, Kolkata - 700 001.

Signature of Shareholder(s)

1.
2.
3.

Signature of the Proxy holder

*Applicable for investors holding shares in electronic form.

Note : Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting venue.

PROXY FORM

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

CIN : L63022WB1954PLC021638

Name of the Company : DEEPAK INDUSTRIES LIMITED

Registered Office : 16, Hare Street, 2nd Floor, Kolkata - 700 001

| | |
|-----------------------|--|
| Name of the member(s) | |
| Registered Address | |
| Email ID | |
| Folio No./Client ID | |
| DP ID | |

I/We, being the member(s) of shares of the above named company, hereby appoint.

- (1) Name Address
E-mail ID Signature or failing him.
- (2) Name Address
E-mail ID Signature or failing him.
- (3) Name Address
E-mail ID Signature

as my/our proxy to attend and vote (on a poll) for me/ our behalf at the Annual General Meeting of the Company, to be held on Thursday, the 25th September, 2014 at 2.00 P.M. at 16, Hare Street, 2nd Floor, Kolkata - 700 001 and at any adjournment thereof in respect of such resolutions as are indicated below :

| RESOLUTIONS | | Optional* | |
|-------------|--|-----------|---------|
| | | For | Against |
| 1. | Ordinary Resolution to Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditors. | | |
| 2. | Ordinary Resolution for re-appointment of Shri Suresh Chand Mohta who retires by rotation. | | |
| 3. | Ordinary Resolution under Section 139 of the Companies Act, 2013 for appointment of Messrs. Singhi & Co., Chartered Accountants as Auditors and fixing their remuneration. | | |

| RESOLUTIONS | | Optional* | |
|-------------|---|-----------|---------|
| | | For | Against |
| | SPECIAL BUSINESS | | |
| 4. | Ordinary Resolution under Section 149 of the Companies Act, 2013 for appointment of Shri Anand Prasad Agarwalla as Independent Director. | | |
| 5. | Ordinary Resolution under Section 149 of the Companies Act, 2013 for appointment of Shri Sujit Chakravorti as Independent Director. | | |
| 6. | Ordinary Resolution under section 143(8) for appointment of M/s. Salaruria Jajodia & Co., as Brach Auditors | | |
| 7. | Special Resolution under Section 14 of the Companies Act, 2013 for amendment of certain Articles of the Articles of Association of the Company. | | |
| 8. | Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing an amount not exceeding Rs. 300 crores over and above the aggregate of the paid up share capital and free reserves of the Company. | | |
| 9. | Special Resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of security. | | |
| 10. | Ordinary Resolution under Section 148 of the Companies Act, 2013 for approval of the remuneration of the Cost Auditors. | | |

Signed this day of 2014

Signature of Shareholder :

Signature of Proxy holder(s) :

| |
|---------------------------|
| Affix Revenue Stamp |
|---------------------------|

NoteS :

1. This form of proxy in order to be effective should be completed and deposit at the Registered office of the Company, not less than 48 hours before the commencement of the meeting.
2. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Annual General Meeting.
3. It is optional to put a (✓) in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present their Annual Report along with the Audited Accounts of the Company for the year ended 31st March, 2014.

This report has been prepared on the basis of the legal requirements under the Companies Act, 1956. As per General Circular No.08/2014 issued by Ministry of Corporate Affairs (MCA) dated 04/04/2014, the provisions of the Companies Act, 2013 will become applicable for all disclosures required under the Act for the year 2014-15 and subsequent years.

FINANCIAL RESULTS AND OPERATIONS

Rs. in '000

| | 31.03.2014 | 31.03.2013 |
|---|------------|------------|
| Profit/(Loss) before Tax | 346,164 | 510,794 |
| Less: Taxes | 115,533 | 136,674 |
| Profit After Tax | 230,631 | 374,120 |
| Add: Balance brought forward from last year | 1,774,179 | 1,400,059 |
| Balance carried forward | 2,004,810 | 1,774,179 |

REVIEW OF OPERATION

Considering the general economic and industrial climate during the year under review as not very encouraging for Auto Components due to slow down in the consuming OEM sectors such as commercial vehicles performance of the Automotive gear units was satisfactory. Performance of the Industrial Gears unit at Kolkata suffered set back due to reduced demand increased competition, slow progress of capital intensive unit projects particularly power and infra sectors.

Additions to fixed assets have been made in all the units and also planned in the current year to achieve economies and technical up gradation. The factory building at Palwal near Faridabad is almost complete and the installation of machines will be undertaken this year upon improvement in the order position.

5MW Solar power plant put up at Village Rojhani Dist: Shajapur M P has been commissioned on 30th September, 2013 and generation of solar power from the plant is satisfactory.

Your directors are of the opinion that barring unforeseen circumstances, despite sluggish demand, the turnover and profitability are likely be sustained in the current year.

DIVIDEND

In order to meet the capital expenditure and other unforeseen contingencies, your directors are of the view that the resources of the Company should be conserved and as such do not recommend any dividend.

DIRECTORS

Shri Suresh Chand Mohta retires by rotation and being eligible offers himself for re-appointment. The Board recommends his re-appointment.

In view of the provisions of the Companies Act, 2013, read with the listing agreement, one-half of the directors on the Board of the Company are required to be independent directors. The independent directors are not to be considered for the purpose of determining the directors liable to retire by rotation. To meet this requirement, following appointment of independent directors have been proposed.

Shri Anand Prasad Agarwalla is proposed to be appointed as an Independent Director on the Board of the Company in the forthcoming Annual General Meeting for a term of five consecutive years with effect from 1st October, 2014.

Shri Sujit Chakravorti is also proposed to be appointed as an Independent Director on the Board of the Company in the forthcoming Annual General Meeting for a term of five consecutive years with effect from 1st October, 2014.

The Board recommends their appointment as independent director as proposed in the notice.

Articles of Association of the Company is also proposed to be altered to make the office of managing director liable to retire by rotation.

AUDITORS

M/s. Singhi & Co., Chartered Accountants, (Firm Registration Number : (302049E) Kolkata who are statutory Auditors of the Company, retire at the forthcoming Annual General Meeting of the Company and being eligible offers themselves for re-appointment. and are recommended for re-appointment to audit the accounts of the Company for the financial year 2014-15. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from the Auditors that their appointment, if made, would be in conformity with the limits specified in the said Section. Salarpuria Jajodia & Co., (Firm's Registration No. 302111E) are the Branch auditors of the Company. The Board recommends their re-appointment in the forthcoming annual general meeting.

The notes on the accounts appearing in the schedule referred to in the Auditors Report are self explanatory and therefore do not call for any further comments or explanations.

COST AUDITOR AND COST AUDIT REPORT

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956 qualified Cost Auditors M/s. S. Chander & Associates, Cost Accountants, (firm's Registration No. 302049) have been appointed to conduct cost audit relating to the products manufactured by the Company for the year 2014-15. Cost Audit Report for the year 2012-13 has been filed on 26/09/2013 against the due date of 30/09/2013 by the Cost Auditors SPK Associates, Kolkata-700 010. Audit of the Cost records for the year 2013-14 is under progress and audit report will be filed within the due date.

LISTING FEE

Your Company is listed on Calcutta Stock Exchange and listing fees of the exchange for the year 2014-15 has been paid.

PUBLIC DEPOSITS AND SHARE CAPITAL

During the year, the Company has not raised any public deposits and share Capital and there is no outstanding debt/instrument eligible to be converted into equity of the Company.

Regd. Office
16, Hare Street
Kolkata-700 001

Dated : 30th May, 2014

P.K. Daga (DiN No. 00040692)
Chairman-cum-Managing Director

DIRECTORS RESPONSIBILITY STATEMENT

Yours Directors Confirm :

- i) That in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) That the Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2014 and the Profit of the Company for the year ended on that date;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the Annual Accounts on a going concern basis.

ADDITIONAL INFORMATION

A Report on Corporate Governance and Management Discussion and Analysis as required under Clause 49 of the Listing Agreement with Stock Exchange is annexed and form part of the Annual report.

A statement giving particulars as required under section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 as amended, is annexed hereto and forms the part of this report.

None of the employee of the Company draws remuneration prescribed in Companies (Particulars of Employees) Rules, 1975.

The Export figures on FOB basis is given in the notes to the accounts.

In conformity with the provisions of clause 32 of the Listing Agreement the Cash Flow Statement of the year ended 31.03.2014 is annexed hereto.

ACKNOWLEDGEMENT

Your Directors record their appreciation for the assistance and co-operation extended to the Company by the Bankers and other authorities. Your Directors are also thankful to all the employees for their co-operation and devoted efforts.

Sujit Chakravorti (DIN No. 00066344)
A.P. Agarwalla (DIN No. 00312652)
S C Mohta (DIN No. 00066305)
Directors

ANNEXURE

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31ST MARCH, 2014

CONSERVATION OF ENERGY

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, Cooling towers, heat treatment, front wall illumination, assembly department, supply power factor through additional condensers, The new machines installed and put to use are highly energy efficient. During the year under review sufficient steps have been taken for reducing energy consumption in all areas

Replacement of 60KVA transformer type twin welding machine by 19.4 KVA thyristered Welding machine leading to considerable energy saving; Introduction of induction type bearing and gear heater easytherm 100 in place of conventional 40 KW furnace thus greatly reducing time as also energy; Introduction of additional capacitors to maintain average power factor at a high 98.37 thus always securing maximum P F rebate and also reduction in current consumption; Interlocked compressed Air Supply for Air Gauges with Solenoid to cut off Air supply when machine power is put off on RIGI CNC turning machines; Energy saving timer on Gear Hobbing machines; Energy efficient magnetic separators on internal grinders and shaving machines;

RESEARCH AND DEVELOPMENT

The research and development is being carried out in house by the qualified professional for new products developments in addition to other engineering process and up-gradation aiming at standardization, reduction of energy, consumption and cost of inputs, quality developments, import substitution and technology up-gradation. The Company is in the process of manufacture of planetary Gear boxes.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The technology used for the manufacture of various products of the Company is fully absorbed and new innovation in process control, products development, cost reduction and quality improvements are being made on

a continuous basis by the R&D team. The company keeps itself abreast with development in its field in India and abroad. The company has entered into a Technical tie up with EES Gear GmbH, Switzerland for manufacture of planetary Gear box which is yielding results.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings and outgo is contained in schedule to the accounts. The Company is making an all out efforts for the export of the products and expects improved performance in export in the coming year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This report forms the part of Directors' Report for the year ended 31st March, 2014.

OVERALL REVIEW

The global economic outlook remained uncertain and challenging with a growth of about three percent in 2013. There were many reasons for this sluggishness including weak recovery in US and Europe and a general economic slowdown in emerging economies like China and India.

During much of 2013-14, there was no turnaround in domestic economy in either consumption or investment as was reflected by the downtrend in both the Capital and consumer goods segments. The high borrowing cost to combat inflation coupled with lower consumption, low investment in infrastructure and other sectors of economy were responsible for this although agriculture and allied business had shown some improvement.

It is expected that the economy should grow in coming years and investment in infra sector would improve.

BUSINESS SEGMENTS

The Company's business consists of three business segments viz. industrial gears, automobile gears and generation and distribution of power. The industrial gears serves to different sectors of industries like steel, cement, sugar, mining, paper, turn key projects, capital goods manufacturers, power, and infra sector. The industry is witnessing a greater drive towards use of more energy efficient, compact gear boxes and the planetary segment is beginning to witness greater interest. Growth in the planetary gear boxes vis a vis helical or worm gear boxes is sign of maturing of the market. The company has started investing in this segment of the gear box. The automobiles gears caters to tractors, two wheelers, commercial vehicles. OEM manufactures and the replacement markets. The generation and distribution of solar energy is receiving the thrust of the government as an additional source of low cost generation. This facility has been set up under REC Mechanism.

INDUSTRY STRUCTURE AND DEVELOPMENT IN BUSINESS SEGEMENTS

The growth of industrial gears sector is co-related to the overall growth in the economy particularly in manufacturing, power and infra sectors, which have declined in almost full part of the year. The power and infra sectors area are lagging much behind schedule date of completion and further investment is held up due to rising input and interest cost.

Auto components sector suffered due to slowdown in the consuming OEM sectors such as commercial vehicles while there was relief from the tractors segment.

OPPORTUNITY AND THREATS

In both of Industrial and Automotive gears divisions, during the past years the company has made sufficient investment by putting up latest technology imported machines and up gradation of existing machines to achieve economies, productivity and quality up gradation. In industrial gears division, the facility to manufacture planetary gear boxes has become operational.

More than 80% of the revenue of the company is generated from automobile gears from presently two manufacturing sites at Faridabad and Rudrapur and the company is predominantly in automobile gears segment. The company follows the practice of putting up new plants at strategic locations convenient for the OEM and during the past, OEMs has reposed great confidence in the quality and timely delivery of products by the company.

The company is a new entrant in solar power generation segment and is thus a very small player. This is one of the sources of renewable energy and provides great opportunity in the years to come.

FINANCIAL PERFORMANCE

This has already been discussed in the Directors' Report and further segment performance can be looked in the segment information part of the notes to the accounts.

OUT LOOK

It is expected that the core sectors will show improvement and investments in power and infra sectors will receive a fresh momentum.

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 are hindering the progress. Competition from peers is also 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 1249 employees in the Company as on 31.03.2014 .

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.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

As a corporate policy, your Company believes in transparency and good Corporate Governance practice.

(I) BOARD OF DIRECTORS

COMPOSITION, OUTSIDE DIRECTORSHIPS, AND ATTENDANCE AT THE BOARD MEETING

The Board of the Company comprises of an Executive Chairman with more than fifty percent of the Directors being independent Directors.

| Name of Director | Category | Directorship in other Companies* | | No of Committees Membership(s)/ Chairmanship(s) in Board Committees of other Companies | |
|--|---|----------------------------------|---|--|---------------|
| | | As a Director | As a Chairman/ Chairman cum Managing Director | As a Member | As a Chairman |
| Shri Pradip Kumar Daga, Chairman-cum-Managing Director | Promoter Non-Independent and Executive Director | 3 | 1 (Chairman-Cum-Managing Director) | 6 | Nil |
| Shri Sujit Chakravorti | Independent Non-Executive Director | 4 | 2 (Chairman) | Nil | 4 |
| Shri Anand Prasad Agarwalla | Independent Non-Executive Director | Nil | Nil | Nil | Nil |
| Shri Suresh Chand Mohta | Independent Non- Executive Director | Nil | Nil | Nil | Nil |
| Shri Rahul Chomal (Ceased on 08/08/2013) | N A | 3 (As per last year) | Nil | Nil | Nil |

*Excludes alternate Directorship, Directorship in foreign Companies and Companies formed under section 25 of the Companies Act, 1956 and re-enactment thereof.

Shri Rahul Chomal, ceased to be director with effect from 08/08/2013.

None of the Director is related to each other.

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 in advance to the each Board Members.

The Board of Directors met six times during the year respectively on 25/04/2013, 30/05/2013, 08/08/2013, 21/10/2013, 14/11/2013 and 07/02/2014.

| Name of the Director | No. of Board Meeting Attended | Attended last AGM |
|--|-------------------------------|-------------------|
| Shri Pradip Kumar Daga | 6 | Yes |
| Shri Sujit Chakravorti | 6 | Yes |
| Shri Anand Prasad Agarwalla | 6 | Yes |
| Shri Suresh Chand Mohta | 6 | Yes |
| Shri Rahul Chomal (Ceased on 08/08/2013) | 1 | No |

Shareholding of the non-executive Directors in the Company as on 31st March, 2014 :

| Name of the Director | No of equity shares held as on 31st March, 2014 |
|-----------------------------|--|
| Shri Sujit Chakravorti | Nil |
| Shri Anand Prasad Agarwalla | Nil |
| Shri Suresh Chand Mohta | Nil |

The information as required under Annexure 1A to clause 49 of the listing agreement is being 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 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.

Shri Pradip Kumar Daga, Chairman-and Managing Director has given a certificate to the Board of Directors in pursuance of Clause 49I(D) of the Listing Agreement with the Stock Exchanges

DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE OF THE CODE OF CONDUCT.

In accordance with Clause 49 sub-clause I(D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that all the Directors and the Senior Management personnel of Deepak Industries Limited have affirmed compliance to Code of Conduct and Ethics for the Financial Year ended 31.03.2014.

Kolkata, 30th May, 2014

Pradip Kumar Daga
Chairman-cum-Managing Director

(II) AUDIT COMMITTEE

The Audit Committee comprises of three Directors, namely Shri A P Agarwalla, Chairman, Shri S. Chakravorti, and Shri S C Mohta, 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 terms of reference of the Audit Committee are in conformity with the requirements as per clause 49 of the listing agreement with the Stock Exchange. The audit committee inter-alia reviews annual and quarterly financial statements, accounting policies, system of internal controls, reports of internal auditors, recommend the appointment of statutory auditors and ensuring of compliance with stock exchanges and other legal requirements.

The Audit Committee met four times during the year respectively on 30/05/2013, 08/08/2013, 14/11/2013, and 07/02/2014. The attendance of each members of the committee is given below. Statutory and Internal Auditors also try to attend 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 S. Chakravorti | 4 | 4 |
| Shri S.C Mohta | 4 | 4 |

(III) DETAILS OF REMUNERATION PAID TO DIRECTORS (01-04-2013 TO 31-3-2014)

The Executive Chairman-cum-Managing director is paid remuneration approved by the Board and shareholders and other directors are paid sitting fees for attending the meetings of the Board and Committee and commission.

| Name of Director | | | | | Rs. |
|--|---------------|---|--|---------------------------------|--------|
| Pradip Kumar Daga, Chairman-cum- Managing Director | 44,25,807 | As Executive Compensation consisting of Salary and perquisites in the nature of employer's contribution to PF | | | |
| | Sitting Fees | | | Commission paid during the year | |
| | Board Meeting | Audit Committee Meeting | Shareholders/Investors Grievance Committee | | |
| Shri A.P. Agarwalla | 24,000 | 8,000 | 1000 | | 175000 |
| Shri S. Chakravorti | 24,000 | 8,000 | 1000 | | 175000 |
| Shri S.C Mohta | 24,000 | 8,000 | 1000 | | 175000 |
| Shri Rahul Chomal (Ceased on 08/08/2013) | 4,000 | Nil | Nil | | 175000 |

During the year the Company has paid Rs. 7500/- as professional fees to Shri A P Agarwalla, Advocate, Director of the Company and Rs 16,000/- to his son Shri Neeraj Agarwalla, Advocate,. There were no other pecuniary relationships or transactions of the Non -Executive directors vis-a-vis the Company.

(IV) SHAREHOLDERS'/INVESTOR'S GRIEVANCE COMMITTEE

The committee comprises of three non-executive Directors namely, Shri S.C. Mohta, Chairman Shri Sujit Chakravorti, Shri A.P. Agarwalla as Members and Secretary of the Company acts as the secretary of the committee. The committee deals with the shareholder's complaints and grievance etc. As per the Certificates furnished by the Registrar & Share Transfer Agents M/S Maheshwari Datamatics Private Limited, the Company did not receive any investor complaints during the year ended 31st March, 2014 and there are no pending complaints as on 31st March, 2014.

The committee met once during the year on 07/02/2014 in which all the Committee members were present.

(V) SHARE TRANSFER SYSTEM

Share transfers documents are registered and certificate returned within a period of 15 days from the date of receipt if the documents are clear in all respects as per provisions of listing agreement. 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, 2014.

(VI) SUBSIDIARY COMPANIES

The Company does not have any subsidiary company.

(VII) 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 |
|-----------|--|------------|-----------|----------------------------------|
| 2010-2011 | Registered office at 16, Hare Street, Kolkata 700001 | 25/08/2011 | 3.00 P .M | 1 |
| 2011-2012 | -do- | 14/08/2012 | 3.00 P.M. | 2 |
| 2012-2013 | -do- | 08/08/2013 | 2.30 P.M | 1 |

- i) No Extra Ordinary General Meeting was held during the year. One General meeting was held for declaration of the Postal Ballot result was held on 01/06/2013 in which two special resolutions were declared passed.
- ii) Four Special resolutions were passed during last three Annual General Meetings.
- iii) No postal ballot is proposed in the ensuing Annual General Meeting of the Company.

(VIII) DISCLOSURES

- i) The Company does not enter into any transaction of material nature with the related parties, which may have potential conflict with the interests of the Company. 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.
- ii) Details of related party transactions during the year ended the 31st March, 2014 have been set out under an appropriate note in Schedule to the Annual Accounts of the Company for the year ended 31st March, 2014. However, these transactions have no potential conflict with the interest of the Company at large.
- iii) Management Discussion and Analysis is a part of Annual Report. Shareholders information section forms part of the Annual Report
- iv) Reconciliation of Share Capital Audit is carried out by Practicing Company Secretaries on quarterly basis to reconcile the total admitted capital with National securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) with the total issued and listed capital. The reconciliation audit confirms that the total issued /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.

(IX) 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 and local language Bengal leader and Dainik Lipi respectively 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/Analysts and stakeholders of the Company .

(X) GENERAL SHAREHOLDERS INFORMATION

| | | |
|-------|--|---|
| i) | Date, time and venue of forthcoming AGM | At the Registered Office of the Company at 16, Hare Street, 2nd Floor, Kolkata-700 001 on .Thursday the 25th September, 2014 at 2.00 P.M. |
| ii) | Financial Calendar 2014-2015(Tentative) | |
| | First unaudited Quarterly Results | Middle of August, 2014 |
| | Second unaudited Quarterly Results | Middle of November, 2014 |
| | Third unaudited Quarterly Results | Middle of February, 2015 |
| | Audited yearly Results for the year ended 31st March, 2015. | Before end of May, 2015 |
| iii) | Book Closure dates | From 22/09/2014 to 25/09/2014 (both days inclusive) |
| iv) | Payment of Dividend | No dividend has been Proposed for the year 2013-14 |
| v) | Listing on Stock Exchanges | The Calcutta Stock Exchange Limited |
| vi) | Annual listing fee | Listing fee has been paid upto and for the year 2014-2015 |
| vii) | ISIN No. of the Company : | INE 485J01016 |
| viii) | Stock Code in Calcutta Stock Exchange | 10014084 |

(XI) MARKET PRICE DATA

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

(XII) 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 is as below :

Maheshwari Datamatics Pvt.Ltd, 2nd floor, 6, Mangoe Lane., Kolkata – 700 001, Phone: 033-2243-5809; 2243-5029
Fax: 033-2248-4787 E-mail: mdpl@yahoo.com Website: www.mdpl.in

(XIII) PATTERN OF SHAREHOLDING AND DISTRIBUTION

| Category | No. of Shares Held | % of Total Paid up Capital |
|--------------------------------|--------------------|----------------------------|
| Promoters & Promoters Group | 3927364 | 74.13 |
| Financial Institutions & Banks | 284375 | 5.37 |
| Bodies Corporate | 982685 | 18.54 |
| Resident Individual | 103671 | 1.96 |
| Mutual Funds | NIL | NIL |
| NRIs/OCBs | NIL | NIL |
| Insurance Companies | NIL | NIL |
| TOTAL | 5298095 | 100.00 |

| From | To | No of Shares held | % of total paid-up capital | No of Shareholders | % of Total No of Shareholders |
|-------|--------------|-------------------|----------------------------|--------------------|-------------------------------|
| Up to | 500 | 3658 | 0.07 | 22 | 33.33 |
| 501 | 1000 | 3410 | 0.06 | 6 | 9.09 |
| 1001 | 2000 | 13517 | 0.26 | 12 | 18.18 |
| 2001 | 3000 | 11205 | 0.21 | 5 | 7.58 |
| 3001 | 4000 | 6648 | 0.12 | 2 | 3.03 |
| 4001 | 5000 | 0 | 0.00 | 0 | 0.00 |
| 5001 | 10000 | 7761 | 0.15 | 1 | 1.52 |
| 10001 | Above | 5251896 | 99.13 | 18 | 27.27 |
| | Total | 5298095 | 100.00 | 66 | 100.00 |

(XIV) 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. As on 31st March, 2014, 4832299 comprising 91.21% 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.

(XV) 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.

(XVI) ADDRESS FOR CORRESPONDENCE

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

(XVII) CEO AND CFO CERTIFICATION

The Chairman –cum- 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 clause 49 of the listing agreement. The CEO and CFO also give quarterly certification on the financial results while placing the financial results before the Board in terms of clause 41 of the listing Agreement.

The Board of Directors at their Meeting held on. 30th May 2014 adopted the above Report

AUDIT CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

The Members,
Deepak Industries Ltd,
16, Hare Street,
Kolkata 700 001

We have examined the compliance of the conditions of Corporate Governance of M/S Deepak Industries Limited of 16, Hare Street, Kolkata 700001 for the year ended on 31st March, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination is limited to the procedure and implementation thereof adopted by the Company for ensuring the Compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statement of the Company.

In our opinion and to the best of our information and explanation given to us, which to the best of our knowledge & belief were necessary for the purpose of issuance of this certificate, we hereby certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

Place : 9, Crooked Lane,
Kolkata 700069
Date : 30th May, 2014

For **Drolia & Company**
(Company Secretaries)
Pravin Kumar Drolia
Proprietor
CP 1362

INDEPENDENT AUDITOR'S REPORT

To The Members of
DEEPAK INDUSTRIES LIMITED

We have audited the accompanying financial statements of DEEPAK INDUSTRIES LIMITED in which we have incorporated the audited accounts of NEW ALLENBERRY WORKS AT Kolkata, Faridabad & Rudrapur as audited by Branch auditors, which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with significant accounting policies, notes on account/other explanatory informations give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on other legal and regulatory requirements

- 1) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2) As required by section 227(3) of the Act, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

DEEPAK INDUSTRIES LIMITED

CIN No. L63022WB1954PLC021638

- ii) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- iii) The reports on the accounts of New Allenberry Works as audited by Branch Auditors were received and properly dealt with by us while preparing our report.
- iv) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- v) in our opinion, the balance sheet, statement of profit and loss, and cash flow statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.
- vi) On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

1-B, Old Post Office Street,
Kolkata-700001
Dated, the 30th day of May, 2014

For **SINGHI & CO.**
Chartered Accountants
Firm Registration No.302049E

M. L. SHUKLA
Partner
Membership No.051505

Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Deepak Industries Limited (the company)

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regards to the size of the company and the nature of its business. No material discrepancies between the book records and physical inventory have been noticed.
- (c) In our opinion, no substantial part of fixed assets has been disposed off by the Company during the year.
- II. (a) The stock of finished goods, raw materials and components, stores, spare parts have been physically verified by the management at reasonable intervals. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion the frequency of verifications is reasonable.
- (b) In our opinion and according to information and explanation given to us, the procedure of physical verification of the aforesaid stocks followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of aforesaid stocks. The discrepancies noticed on verification between the physical stocks and the book records, were not material.
- III. According to the information and explanations given to us the Company has neither taken nor granted any loan, unsecured or secured from/to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clauses 4(III) (a) to (g) of the said order are not applicable.
- IV. On the basis of checks carried during the course of audit and as per explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of audit, no major weakness has been noticed in internal control system.
- V. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been duly entered in the register required to be maintained in pursuance of section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 exceeding the value of rupees .five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.
- VI. According to the information and explanations given to us, the company has not accepted any deposit from public during the period.
- VII. The Company has an internal audit system *except at Head office*, which is commensurate with the size and nature of its business. However in case of Rudrapur Unit it needs to be strengthened further.
- VIII. We have broadly reviewed the books of account maintained by all the three plants of the Company in respect of products where, pursuant to the rule made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie the prescribed accounts and records have been made and maintained, however, we have not, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- IX. (a) According to the records of the Company, the Company is generally regular in depositing Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Excise Duty, Cess, Wealth Tax, Service Tax and other statutory dues as applicable with the appropriate authorities.
According to the information and explanations given to us, in respect of H.O and Kolkata Plant, no undisputed amounts payable in respect of Provident Fund, Employee State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory Dues were in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

- (b) According to the records of the Company and information and explanations given to us, the particulars of unpaid disputed statutory dues in respect of sales tax, service tax, excise duty, cess and income tax as applicable have been given below :

| Name of the Statute | Nature of Dues | Amount in ₹ ('000) | Forum Where dispute is Pending |
|--|--|--------------------|--|
| Central Excise Act, 1944 & Rules | Central Excise | 31 | CEGAT, Kolkata |
| Central Sales Tax Act, 1956 | Central Sales Tax | 42,321 | Appeal, Revision Board and High Court |
| W.B. Sales Tax Act, 1994 | W.B. Sales Tax | 28,168 | Appeal, Revision Board and Tribunal |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | CENVAT for Service Tax on Rent | 419 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi |
| Central Excise Act, 1944 (Rule 15(2) of C.Excise Rule) | Penalty under Central Excise for wrong claim of CENVAT | 509 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | Excise Duty on line Rejection. | 282 | Dy. Commissioner of Central Excise, Division-1, Faridabad. |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | Penalty on official of the company for wrong declaration | 25 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi. |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | Penalty on Company for wrong declaration | 100 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi. |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | CENVAT on Tin Coatin Charges on Cutting Tools | 10,159 | Joint Commissioner of Central Excise, Delhi-IV, Faridabad. |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | Penalty Service Tax GTA | 49 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | Service Tax (GTA) | 49 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi |
| Income Tax Act, 1961 | Short allowance of our Claim U/s 80IC and Short allowance of "TDS & Others" for Asst. Year 2010-11 | 640 | Commissioner of Income Tax VI (Appeals)/Kolkata. |
| Income Tax Act, 1961 | Relating to short Allowance of Self Assessment Tax Rs 10778/- & TDS Rs 8/- for A.Y 2007-08 | 1,644 | ITO Ward 6(1) Kolkata. |

- X. The Company does not have any accumulated loss at the end of the year and it has not incurred any cash loss in current financial year and in the immediately preceding financial year.
- XI. Based on the Audit procedures and the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institutions and Banks during the year under audit.

- XII. As per the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other Securities.
- XIII. The provisions of any special statute applicable to chit fund/ nidhi /mutual benefit funds/societies are not applicable to the Company.
- XIV. In our opinion and according to the information and explanations given to us the Company is not a dealer or trader in shares, securities, debentures or other investments.
- XV. As per the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- XVI. To the best of our knowledge and belief and according to the information and explanations given to us, Term Loans has not been taken at any of the units of the Company *except at Kolkata unit*. The Term Loans availed as on Balance Sheet date, were applied by the company for the purpose for which loans were obtained.
- XVII. In our opinion and according to the information and explanations given to us, on an overall basis short term funds have not been used for long term purposes.
- XVIII. The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- XIX. During the year the Company has not issued any debentures.
- XX. The Company has not raised money by way of public issue during the year.
- XXI. Based upon the audit procedures performed and according to information and explanations given to us by the management, no fraud on or by the Company has been noticed or reported during the year under audit.

1-B, Old Post Office Street,
Kolkata-700001
Dated, the 30th day of May, 2014

For **SINGHI & CO.**
Chartered Accountants
Firm Registration No.302049E
M. L. SHUKLA
Partner
Membership No.051505

BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ In '000)

| | Note No. | As at 31st March, 2014 | As at 31st March, 2013 | |
|---------------------------------|----------|-------------------------|-------------------------|-----------|
| EQUITY AND LIABILITIES | | | | |
| SHAREHOLDERS' FUNDS | | | | |
| Share Capital | 2.1 | 52,981 | 52,981 | |
| Reserves and Surplus | 2.2 | <u>2,019,042</u> | <u>1,788,784</u> | |
| | | 2,072,023 | | 1,841,765 |
| NON-CURRENT LIABILITIES | | | | |
| Long-Term Borrowings | 2.3 | 357,467 | 44,611 | |
| Deferred Tax Liabilities (Net) | 2.4 | 166,980 | 48,530 | |
| Other Long-Term Liabilities | 2.5 | 19,923 | 19,632 | |
| Long-Term Provisions | 2.6 | <u>9,509</u> | <u>9,286</u> | |
| | | 553,879 | | 122,059 |
| CURRENT LIABILITIES | | | | |
| Short-Term Borrowings | 2.7 | 628,795 | 567,304 | |
| Trade Payables | 2.8 | 535,408 | 333,676 | |
| Other Current Liabilities | 2.9 | 338,000 | 342,135 | |
| Short-Term Provisions | 2.6 | <u>6,941</u> | <u>6,752</u> | |
| | | 1,509,144 | | 1,249,867 |
| TOTAL | | <u>4,135,046</u> | <u>3,213,691</u> | |
| ASSETS | | | | |
| NON-CURRENT ASSETS | | | | |
| Fixed Assets | | | | |
| Tangible Assets | 2.10 | 1,370,758 | 961,945 | |
| Intangible Assets | 2.10 | 2,803 | 3,413 | |
| Capital Work-In-Progress | | <u>79,386</u> | <u>52,399</u> | |
| | | 1,452,947 | 1,017,757 | |
| Long-Term Loans and Advances | 2.11 | <u>302,267</u> | <u>109,692</u> | |
| | | 1,755,214 | | 1,127,449 |
| CURRENT ASSETS | | | | |
| Inventories | 2.13 | 724,269 | 681,076 | |
| Trade Receivables | 2.14 | 588,645 | 682,091 | |
| Cash and Bank Balances | 2.15 | 945,177 | 624,029 | |
| Short-Term Loans and Advances | 2.11 | 74,990 | 64,940 | |
| Other Current Assets | 2.12 | <u>46,751</u> | <u>34,106</u> | |
| | | 2,379,832 | 2,086,242 | |
| TOTAL | | <u>4,135,046</u> | <u>3,213,691</u> | |
| Significant Accounting Policies | 1 | | | |

The Notes are an integral part of the Financial Statements
As per our Report of even date annexed.

For **SINGHI & CO.**

Chartered Accountants

Firm Reg. No. 302049E

M. L. SUKLA

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

Dated : The 30th day of May, 2014

V. D. MALL
Company Secretary

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

A. P. AGARWALLA (DIN : 00312652)

S. CHAKRABORTY (DIN : 00066344)

S. C. MOHTA (DIN : 00066305)

Directors

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

(₹ In '000)

| | Note No. | For the Year ended 31st March, 2014 | For the Year ended 31st March, 2013 |
|--|----------|--|--|
| INCOME | | | |
| Revenue from Operations (Gross) | 2.16 | 3,695,029 | 3,920,940 |
| Less : Excise Duty | | 353,724 | 361,962 |
| Revenue from Operations (Net) | | 3,341,305 | 3,558,978 |
| Other Income | 2.17 | 103,061 | 82,871 |
| Total Revenue | | 3,444,366 | 3,641,849 |
| EXPENSES | | | |
| Cost of Materials Consumed | 2.18 | 1,502,275 | 1,735,588 |
| (Increase) / Decrease in Inventories of Finished Goods and Work-in-Progress | 2.19 | 20,285 | (128,661) |
| Employee Benefits Expense | 2.20 | 374,581 | 344,952 |
| Finance Costs | 2.21 | 95,859 | 75,123 |
| Other Expenses | 2.22 | 944,516 | 968,098 |
| | | 2,937,516 | 2,995,100 |
| Profit before Tax, Depreciation and Amortisation | | 5,06,850 | 646,749 |
| Depreciation and Amortization Expense | 2.23 | 1,60,686 | 135,955 |
| Profit before Tax | | 3,46,164 | 510,794 |
| Tax Expense : | 2.24 | | |
| Taxation for the Current Year | | 72,558 | 102,199 |
| Less : MAT Credit Entitlement u/s 115 JB of the Income Tax Act | | 72,558 | - |
| Add : Utilisation of Mat Credit Entitlement | | - | 25,675 |
| Current Tax | | - | 127,874 |
| Taxation related to Earlier years | | (2,917) | - |
| Deferred Tax | | 118,450 | 8,800 |
| | | 115,533 | 136,674 |
| Profit for the year | | 230,631 | 374,120 |
| Earnings Per Share [nominal value ₹ 10 /-] | | | |
| Weighted Average Number of Equity Shares outstanding during the year | | 5,298,095 | 5,298,095 |
| Basic and Diluted earning per share | | 43.53 | 70.61 |
| Significant Accounting Policies | 1 | | |

The Notes are an integral part of the Financial Statements
As per our Report of even date annexed.

For **SINGHI & CO.**

Chartered Accountants

Firm Reg. No. 302049E

M. L. SUKLA

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

Dated : The 30th day of May, 2014

V. D. MALL
Company Secretary

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

A. P. AGARWALLA (DIN : 00312652)

S. CHAKRABORTY (DIN : 00066344)

S. C. MOHTA (DIN : 00066305)

Directors

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

| | 31.03.2014 | (₹ In '000) 31.03.2013 |
|---|------------------|---------------------------|
| A. Cash Flow from Operating Activities | | |
| Net Profit/(Loss) before Tax and Extra Ordinary Items | 346,164 | 510,794 |
| Adjustment for :- | | |
| Depreciation and Amortisation Expenses | 160,686 | 135,955 |
| (Profit)/ loss on sale of F.Assets | (423) | (5,311) |
| Finance cost | 95,859 | 75,123 |
| Interest Received | (84,841) | (52,722) |
| Wealth Tax Provision | 29 | 30 |
| Reversal of Impirement | - | (442) |
| Operating Profit before Working Capital Changes | 517,474 | 663,427 |
| Movement in Working Capital | | |
| Increase/(Decrease) in Trade Payables | 201,732 | (185,816) |
| Increase/(Decrease) in Other Current Liabilities | 95,905 | 8,392 |
| Increase/(Decrease) in Short Term Provisions | 1,821 | (119) |
| Increase/(Decrease) in Long Term Provisions | 223 | 665 |
| (Increase)/Decrease in Trade Receivable | 93,446 | 72,216 |
| (Increase)/Decrease in Inventories | (43,193) | 70,601 |
| (Increase)/Decrease in Long Term Loans and Advances | (90,379) | (11,998) |
| Proceeds from Short Term External Development Charges | 1 | 12,347 |
| Proceeds from Other Long Term Liabilities | 291 | 8,026 |
| (Increase)/Decrease in Short Term Loans and Advances | (30,593) | 7,513 |
| (Increase)/Decrease in Other Current Assets | 95 | (44) |
| Cash Generated from Operation before taxes | 746,823 | 645,210 |
| Direct Taxes Paid | (80,907) | (100,613) |
| Cash Flow Before Extra - Ordinary Items | - | - |
| Net Cash Flow from Operating Activities | 665,916 | 544,597 |
| B. Cash Flow from Investing Activities | | |
| Purchase of Tangible and Intangible Assets Including CWIP | (597,289) | (250,464) |
| Sale of Tangible Assets | 1,463 | 5,922 |
| Interest Received | 72,101 | 42,722 |
| Capital Subsidy Received | - | - |
| (Increase)/Decrease in other Bank Balance | (275,710) | (121,408) |
| Net Cash used in Investing Activities | (799,435) | (323,228) |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014 (Contd.)

| | 31.03.2014 | 31.03.2013 |
|---|----------------|------------------|
| C. Cash Flow from Financing Activities | | (₹ In '000) |
| Proceeds/(Repayment)of Short Term Hire Purchase /Lease Finance | (253) | 8 |
| Proceeds from Current Maturities of Long Term Debts | (103,168) | 107,479 |
| Proceeds from Short Term Borrowings | 61,491 | 5,462 |
| Proceeds/(Repayment) of Long Term Borrowings | 312,856 | (144,466) |
| Finance Charges | (91,969) | (76,118) |
| Net Cash used in Financing Activities | 178,957 | (107,635) |
| Net increase in Cash and Cash Equivalents (A+B+C) | 45,438 | 113,734 |
| CASH AND CASH EQUIVALENTS AS AT 31.03.2013 | 332,581 | 218,847 |
| CASH AND CASH EQUIVALENTS AS AT 31.03.2014 | 378,019 | 332,581 |
| Cash & Cash equivalent includes : | | |
| Cash In Hand | 1,119 | 726 |
| Balance With Schedule Banks | | |
| In Current Account | 23,900 | 119,655 |
| In Fixed Deposit Account with original maturity of Less than three months | 353,000 | 212,000 |
| Total | 378,019 | 332,381 |

- Note : 1) The above cash flow statement has been prepared under the indirect method set out in AS-3 issued by the Institute of Chartered Accountants of India.
- 2) Figure in brackets indicate cash outgo.
- 3) Previous years figures have been regrouped and recast where ever necessary to confirm to the current period classification.

This is the Cash Flow Statement referred to in our report of even date.

For **SINGHI & CO.**

Chartered Accountants

Firm Reg. No. 302049E

M. L. SUKLA

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

Dated : The 30th day of May, 2014

V. D. MALL

Company Secretary

P. K. DAGA (DIN : 00040692)

Chairman-cum-Managing Director

A. P. AGARWALLA (DIN : 00312652)

S. CHAKRABORTY (DIN : 00066344)

S. C. MOHTA (DIN : 00066305)

Directors

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. Significant Accounting Policies

a) Basis of Accounting

The financial statements are prepared under the historical cost convention, except stated otherwise, on an accrual basis and in accordance with the generally accepted accounting principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

The financial statements had been prepared and presented as per the requirement of revised Schedule VI as notified under Companies Act 1956.

b) Convention and use of Estimates

The preparation of financial statements is under generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported statements of assets and liabilities and the disclosure of contingent liabilities on that date of financial statements and the reported amounts of revenue and expenses during the year. The actual results could differ from these estimates. Any revision to accounting estimates is recognized.

c) Fixed Assets

- 1) Fixed Assets are stated at cost less depreciation excluding Fixed Assets of Faridabad unit which are stated at revalued cost / Cost less depreciation.
- 2) Depreciation of Fixed Assets is provided on straight-line method except at Rudrapur unit depreciation is provided on written down value method at the rate prescribed in Schedule XIV to the Companies Act, 1956. However, on capital expenditure incurred on installation of assets taken on lease at Faridabad unit which is being written off during the period of lease.
- 3) Depreciation relating to revalued portion of Fixed Assets is ascertained and adjusted with Revaluation Reserve

d) Inventories

- 1) Inventories of Raw Materials, Stores, Spare Parts and Packing Materials are valued at cost. Cost is computed on a weighted average/FIFO basis.
- 2) Work-in-progress and Semi Finished Goods are valued at lower of cost and net realizable value.
- 3) Finished Goods are valued at lower of cost and net realizable value. Scrap is valued at net realizable value.

e) Employees Benefits

1) Short term Benefit

The Undiscounted amount of short term employees benefits expected to be paid in exchange for the services rendered by employees is recognized in the period in which the employee rendered the service. This benefit includes salary, wages, short term compensatory absence and bonus.

2) Long Term Benefits

- i) Defined Contribution Scheme(DCS) – such as Provident Fund and other Funds, Employees State Insurance Scheme are charged to the Statement of Profit and Loss as incurred as per the applicable Law/Rules
- ii) Defined Benefit Scheme (DBS) - The present obligation, Company's liability towards Gratuity and Leave Encashment, under such scheme is determined based on an actuarial valuation, using the Projected Unit Credit (PUC) method, carried out by an independent actuary. As per the requirement of "Accounting Standard 15(Revised 2005) on Employees benefit. Actuarial gain and losses arising on such valuation are recognized immediately in the Statement of Profit and Loss.

In case of Funded Defined Benefit Scheme the fair value of the plan assets is reduced from the gross Obligation under Defined Benefit Scheme, to recognize the obligation on net basis.

Significant Accounting Policies (Contd.)**f) Foreign currency transactions :**

- a. Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Gain and losses arising out of subsequent fluctuations are accounted for on actual payment or realization. Monetary items in the form of Loan, Current Assets and Current Liabilities denominated in foreign currency as at the Balance Sheet date are restated at the rates prevailing on that date. Exchange difference is recognized in the Statement of Profit and Loss except exchange difference on account of Fixed Assets which are adjusted with Fixed Assets and loss/gain on foreign currency loan for fluctuation of foreign currency accounted as finance cost to the extent of Interest
- i. Premium or discount arising at the inception of forward contract is amortized as expenses or income over the life of the contract. Exchange difference on forward contracts is recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward contract is recognized as income or expenses in the Statement of Profit and Loss.

g) Recognition of Income & Expenditure

Income & Expenses are recognized on mercantile basis except insurance claim which is accounted for on cash basis and interests on overdue bills are accounted for on certainty of realization.

h) Borrowing Cost :

Interest and Other borrowing costs directly attributable to the acquisition, construction or installation of qualifying capital assets till the date of commercial use of the assets are capitalized. Other borrowing cost is recognized as an expense in the period in which they are incurred.

i) Contingent Liabilities/Contingent Assets

Provisions are recognized in respect of present obligations arising out of past events where there are reliable estimate of probable outflow of resources. Contingent Liabilities are the possible obligation of past events, the existence of which will be confirmed only by the occurrence or non occurrence of a future event. These are not provided for and are disclosed by way of notes on Accounts; Contingent Assets are not provided for or disclosed.

j) Excise Duty/Custom Duty :

Excise Duty on manufactured goods lying in factory and Custom Duty on stock lying in bonded warehouse are accounted for on the estimated basis on the date of Balance Sheet.

k) Expenditure during construction period :

Expenses of Capital nature are capitalized. Such expenditure comprise purchase prices, import duty and any directly attributable cost of bringing the assets to their working condition, trial run expenses and interest attributable up to the date of installation.

l) Impairment of Assets :

Impairment of Assets is assessed at Balance Sheet date and if any indication of impairment exists, the same is assessed and an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

m) Taxation :

Income tax expense comprises current tax and deferred tax charge or release. The deferred tax charge or credit is recognized using tax rates and the tax laws enacted or substantively enacted at the Balance Sheet Date. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Such assets are reviewed as at each Balance Sheet date to reassess realization.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ In '000)

| | As at 31st March, 2014 | As at 31st March, 2013 |
|--|---------------------------|---------------------------|
| 2.1 SHARE CAPITAL : | | |
| Authorised : | | |
| 53,00,000 (PY - 53,00,000) Equity Shares of Rs. 10/- each | 53,000 | 53,000 |
| 20,000 (PY - 20,000) Redeemable Cumulative Preference Shares of Rs.100/- each | 2,000 | 2,000 |
| | <u>55,000</u> | <u>55,000</u> |
| Issued : | | |
| 52,98,095 (PY - 52,98,095) Equity Shares of Rs.10/- each | 52,981 | 52,981 |
| Subscribed and Fully Paid-up Shares | | |
| 52,98,095 (PY - 52,98,095) Equity Shares of Rs.10/- each fully paid up | 52,981 | 52,981 |
| | <u>52,981</u> | <u>52,981</u> |
| a) There has been no change/movements in number of shares outstanding at the beginning and at the end of the reporting period. | | |
| b) 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. | | |
| c) The Company does not have any Holding Company/ultimate Holding Company. | | |
| d) Details of shareholders holding more than 5% shares in the Company : | | |
| Equity Shares of Rs 10 each fully paid | No. of Shares | |
| | 31st March, 2014 | 31st March, 2013 |
| Asha Devi Daga (%age of Holding, CY - 16.44, PY - 16.44) | 870,806 | 870,806 |
| Nandini Daga (%age of Holding, CY - 14.62, PY - 14.62) | 774,625 | 774,625 |
| Shantanu Daga (%age of Holding, CY - 10.57, PY - 10.57) | 560,000 | 560,000 |
| Yashwant Kumar Daga (%age of Holding, CY - 10.68, PY -10.68) | 566,088 | 566,088 |
| Pradip Kumar Daga (%age of Holding, CY - 9.15, PY - 9.15) | 484,964 | 484,964 |
| Coplama Products Private Limited (%age of Holding, CY - 10.47, PY - 10.47) | 554,531 | 554,531 |
| Jalpaiguri Holdings Private Limited (%age of Holding, CY - 11.67, PY - 11.67) | 618,312 | 618,312 |
| ICICI Bank Limited (%age of Holding, CY - 5.37, PY -5.37) | 284,375 | 284,375 |
| e) No Equity Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date. | | |
| f) No shares have been allotted or has been bought back by the Company during the period of 5 years preceding the date as at which the Balance Sheet is prepared. | | |
| g) No Securities Convertible into Equity/Preference Shares have been issued by the company during the year. | | |
| h) No calls are unpaid by any Director or Officer of the Company during the year. | | |
| 2.2 RESERVES AND SURPLUS | As at 31st March, 2014 | As at 31st March, 2013 |
| Capital Reserves | | |
| As per the last Financial Statements | 3,536 | 3,536 |
| Add : Addition during the year | - | - |
| (Subsidy received during the year under Central Capital Subsidy Scheme, 2003) | <u>3,536</u> | <u>3,536</u> |
| Revaluation Reserve | | |
| As per the last Financial Statements | 11,069 | 11,442 |
| Less : Adjustments in respect of sales/discard of Fixed Assets | - | - |
| | 11,069 | 11,442 |
| Less : Transfer to the Statement of Profit & Loss being difference of depreciation on revalued cost of assets and on the original cost | 373 | 373 |
| | <u>10,696</u> | <u>11,069</u> |
| Surplus | | |
| As per the last Financial Statements | 17,74,179 | 14,00,059 |
| Add : Profit for the year | 2,30,631 | 3,74,120 |
| Net Surplus | <u>20,04,810</u> | <u>17,74,179</u> |
| | <u>20,19,042</u> | <u>17,88,784</u> |

(₹ In '000)

2.3 LONG-TERM BORROWINGS

| | Non-current portion | | Current maturities | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 | As at 31st March, 2014 | As at 31st March, 2013 |
| Term Loans (Secured) | | | | |
| Rupee Loan from Bank (a) | 68,250 | 26,125 | 39,000 | 39,000 |
| Rupee Corporate Loan from Bank (b) | 273,042 | - | 2,000 | - |
| Buyer's Credit (c) | - | - | - | 107,477 |
| | <u>341,292</u> | <u>26,125</u> | <u>41,000</u> | <u>146,477</u> |
| Amount disclosed under the head "Other Current Liability" (Note 2.9) | - | - | 41,000 | 146,477 |
| | <u>341,292</u> | <u>26,125</u> | <u>-</u> | <u>-</u> |
| Other Loans and Advances (Unsecured) | | | | |
| Sales Tax Soft Loan Sanctioned by Govt of West Bengal for payment of sales tax liability (d) | 16,175 | 18,486 | 2,311 | - |
| Amount disclosed under the head "Other Current Liability" (Note 2.9) | - | - | 2,311 | - |
| | <u>16,175</u> | <u>18,486</u> | <u>-</u> | <u>-</u> |
| | <u>3,57,467</u> | <u>44,611</u> | <u>-</u> | <u>-</u> |

- a Rupee Term Loan from SBI of ₹107250(Pr. Yr. ₹65125)- is repayable in 20 Qtrly installment of ₹. 9750 commencing from March'2012 and the same is secured by the hypothecation of machinaries purchased out of bank loan and equitable mortgage of the free hold industrial property with land, buildings and factory shed of Kolkata unit and also by way of first hypothecation of movable assets of the unit.
- b. Corporate Loan from SBI of ₹ is secured by the hypothecation of machinaries purchased out of bank loan and equitable mortgage of the free hold industrial property with land, buildings and factory shed of Kolkata unit and also by way of first hypothecation of movable assets of the unit.
- Corporate Loan of ₹ 116500 sanctioned with a tenor of 6 years including a moratorium period of 1 year repayable in 20 Qtrly. Instalments comencing from Qtr. Ending June, 2014 to Qtr. Ending March, 2019
 - Corporate loan of ₹320000 sanctioned with a tenor of 8 years including a moratorium period of 2 year repayable in 24 Qtrly. Instalments comencing from Qtr. Ending Sept., 2015 to Qtr. Ending June, 2021.
- c Buyer's Credit from SBI secured by way of hypothecation of machines purchased against the same. The maturity dates are 23.05.2013,09.07.2013 and 29.10.2013. On maturity it would be converted in to Term Loan.
- d. Other Loan (unsecured) of ₹ 18,486, is repayable in 8 yearly installment of ₹2,300/- each commencing from August, 2014.

2.4 DEFERRED TAX LIABILITIES (NET)

| | As at | As at | As at | As at |
|--------------------------------|------------------|------------------|------------------|-------------------|
| | 31st March, 2014 | 31st March, 2013 | 31st March, 2014 | 31st March, 2013 |
| Deferred Tax Liabilities | | | | |
| Arising on account of : | | | | |
| Depreciation | | 192,135 | | 62,507 |
| Less : Deferred Tax Assets | | | | |
| Arising on account of : | | | | |
| Unabsorbed Depreciation | 11,629 | | - | |
| Section 43B of Income-tax Act | 13,526 | 25,155 | 13,977 | 13,977 |
| Deferred Tax Liabilities (Net) | | <u>166,980</u> | | <u>48,530</u> |
| | | | | |
| | | Long-term | | Short-term |
| | As at | As at | As at | As at |
| | 31st March, 2014 | 31st March, 2013 | 31st March, 2014 | 31st March, 2013 |

2.5 OTHER LONG TERM LIABILITIES

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Other Liabilities | | | | |
| External Development Charges(Bhagola) | 18,920 | 18,920 | 21,109 | 21,109 |
| Hire Purchase/lease Finance Liability | 1,003 | 712 | 1,049 | 1,302 |
| | <u>19,923</u> | <u>19,632</u> | <u>22,158</u> | <u>22,411</u> |
| Amount disclosed under the head "Other Current Liability" (Note 2.9) | - | - | 22,158 | 22,411 |
| | <u>19,923</u> | <u>19,632</u> | <u>-</u> | <u>-</u> |

2.6 PROVISIONS

| | Long-term | | Short-term | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 | As at 31st March, 2014 | As at 31st March, 2013 |
| Provision for Employee Benefits | | | | |
| Leave Payment | 9,495 | 9,272 | 2,721 | 2,267 |
| Gratuity | - | - | 4,191 | 2,824 |
| | <u>9,495</u> | <u>9,272</u> | <u>6,912</u> | <u>5,091</u> |
| Other Provisions | | | | |
| Provisions for Taxation (Net of Payments) | 14 | 14 | - | 1,628 |
| Provisions for Wealth Tax(Net of payment) | | | 29 | 33 |
| | <u>9,509</u> | <u>9,286</u> | <u>6,941</u> | <u>6,752</u> |

2.7 SHORT TERM BORROWINGS

| | As at 31st March, 2014 | As at 31st March, 2013 |
|--------------------------------------|---------------------------|---------------------------|
| Working Capital Borrowings | | |
| From Banks | | |
| Rupee Loan from Bank (Secured) (a) * | 385,615 | 567,304 |
| FCNRB Loan from Bank (b) | <u>243,180</u> | <u>-</u> |
| | <u>628,795</u> | <u>567,304</u> |

a) Working Capital Borrowings in Rupee are secured on pari-passu basis by way of hypothecation of stocks, book debts and other current assets present and future of the company and extension of equitable mortgage of immovable fixed assets of the Company . The working capital advances are also secured by way of second charge on the fixed assets of the Company.

*Fixed Deposit of ₹50000 pledged with Uco Bank.

b) FCNRB Demand Loan from SBI for US\$ 4 million is due for payment on 06.06.2014.

2.8 TRADE PAYABLES

| | As at 31st March, 2014 | As at 31st March, 2013 |
|------------------------|---------------------------|---------------------------|
| For Goods and Services | <u>535,408</u> | <u>333,676</u> |
| | <u>535,408</u> | <u>333,676</u> |

Note : MSME disclosure for due to Micro Small and Medium Enterprises refer note No.2.27 of additional notes on accounts.

2.9 OTHER CURRENT LIABILITIES

| | | |
|--|----------------|----------------|
| Creditors for Fixed Assets | 116,367 | 27,527 |
| Current maturities of Long Term Debt (See Note 2.3) | 43,311 | 146,479 |
| Current maturities of Hire Purchase/Lease Finance Liability (See Note 2.5) | 1,049 | 1,302 |
| External Development Charges(Bhagoli)(See Note 2.5) | 21,110 | 21,109 |
| Statutory Dues | 27,949 | 32,104 |
| Sales Tax/VAT | 24,299 | 27,823 |
| Excise Duty | 25,618 | 32,620 |
| Interest Accrued & Due | 4,564 | 750 |
| Interest Accrued but not due | 135 | 59 |
| Trade and Security Deposits | 635 | 632 |
| Liability Relating to Employees | 13,566 | 12,062 |
| Advances Received from Customers | 46,617 | 27,699 |
| Others | <u>12,780</u> | <u>11,969</u> |
| | <u>338,000</u> | <u>342,135</u> |

NOTE 2.10 : FIXED ASSETS (₹ In '000)

| | GROSS BLOCK * | | | | | DEPRECIATION | | | | WDV up to 31.03.2014 before Impairment | IMPAIRMENT | | | NET BLOCK | | |
|--------------------------|------------------------------------|---------------------------|---|------------------------------------|------------------------|--------------------------|---|--------------------------------------|-----------------------------|--|-----------------------------|-----------------------------------|------------------------|------------------------|-----------|---------|
| | Cost/Value as at 31st March, 2,013 | Additions during the Year | Deductions/ Adjustments during the year | Cost/Value as at 31st March, 2,014 | Upto 31st March, 2,013 | Provided during the year | Deductions/ Adjustments during the year | Depreciation up to 31st March, 2,014 | Impairment up to 31.03.2013 | | Adjustments during the year | Impairment up to 31st March 2,014 | As at 31st March 2,014 | As at 31st March 2,013 | | |
| TANGIBLE ASSETS | | | | | | | | | | | | | | | | |
| Leasehold Land** | 13,240 | - | - | 13,240 | 1,030 | 147 | - | 1,177 | 12,063 | - | - | 12,063 | - | - | 12,063 | 12,210 |
| Freehold Land | 103,243 | 76,386 | - | 179,629 | - | - | - | - | 179,629 | - | - | 179,629 | - | - | 179,629 | 103,243 |
| Buildings | 100,363 | - | - | 100,363 | 39,115 | 5,463 | - | 44,578 | 55,785 | - | - | 55,785 | - | - | 55,785 | 61,248 |
| Plant & Machinery | 1,467,048 | 488,608 | 3,553 | 1,952,103 | 691,509 | 150,799 | 3,381 | 838,927 | 1,113,176 | 12,792 | 12,792 | 1,100,384 | - | - | 1,100,384 | 762,747 |
| Furniture & Fittings | 12,804 | 1,591 | - | 14,395 | 6,299 | 765 | - | 7,064 | 7,331 | - | - | 7,331 | - | - | 7,331 | 6,505 |
| Vehicles*** | 13,906 | 2,278 | 2,182 | 14,002 | 5,892 | 1,433 | 1,314 | 6,011 | 7,991 | - | - | 7,991 | - | - | 7,991 | 8,014 |
| Office Equipment**** | 22,153 | 1,439 | - | 23,592 | 14,175 | 1,842 | - | 16,017 | 7,575 | - | - | 7,575 | - | - | 7,575 | 7,978 |
| Total | 1,732,757 | 570,302 | 5,735 | 2,297,324 | 758,020 | 160,449 | 4,695 | 913,774 | 1,383,550 | 12,792 | 12,792 | 1,370,758 | - | - | 1,370,758 | 961,945 |
| INTANGIBLE ASSETS | | | | | | | | | | | | | | | | |
| Computer Software | 5,349 | - | - | 5,349 | 1,936 | 610 | - | 2,546 | 2,803 | - | - | 2,803 | - | - | 2,803 | 3,413 |
| Total | 5,349 | - | - | 5,349 | 1,936 | 610 | - | 2,546 | 2,803 | - | - | 2,803 | - | - | 2,803 | 3,413 |
| Grand Total : | 1,738,106 | 570,302 | 5,735 | 2,302,673 | 759,956 | 161,059 | 4,695 | 916,320 | 1,386,353 | 12,792 | 12,792 | 1,373,561 | - | - | 1,373,561 | 965,358 |
| Previous Year : | 1,501,198 | 247,858 | 10,950 | 1,738,106 | 633,967 | 136,328 | 10,339 | 759,956 | 978,150 | 13,234 | 442 | 12,792 | - | - | 965,358 | - |

Note: * Land Buildings, Plant & Machinery (including Electrical Installations and Water Supply Installation) of Faridabad unit of the Company were revalued by an approved Valuer on 31st March, 1991 which resulted in increase of Fixed Assets Value by ₹. 509,57. Subsequent deduction on disposal till date is ₹109,36 (108,24).

** Depreciation represent Proportionate amount of leasehold land amortised over the period of lease.

*** Includes ₹.36,68 (43,12) acquired on Hire Purchase basis and under continued hire purchase agreement.

**** Includes ₹ Nil(138) acquire on Hire Purchase basis and under continued hire purchase agreement

2.11 LOANS & ADVANCES

| | Long-term | | Short-term | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 | As at 31st March, 2014 | As at 31st March, 2013 |
| Capital Advances | | | | |
| Unsecured, considered good | 137,287 | 47,989 | - | - |
| | 137,287 | 47,989 | - | - |
| Security Deposits | | | | |
| Unsecured, considered good | 10,294 | 9,202 | 2,572 | 1,900 |
| Considered Doubtful | 141 | 141 | - | - |
| | 10,435 | 9,343 | 2,572 | 1,900 |
| Less: Provision for Doubt ful Deposit | 141 | 141 | - | - |
| | 10,294 | 9,202 | 2,572 | 1,900 |
| Other Loans and Advances (Unsecured, Considered good) | | | | |
| Advance Tax and TDS (Net of provisions) | 19,719 | 13,560 | - | - |
| Advance Fringe Benefit Tax | 8 | 8 | - | - |
| Mat Credit Entitlement | 134,959 | 38,922 | - | 20,000 |
| Advance against supply of Goods and Services | - | - | 35,790 | 16,598 |
| Prepaid Expenses | - | - | 2,668 | 2,592 |
| Unamortised Expenses | - | - | 2,421 | - |
| Advance to Employees | - | 11 | 1,026 | 974 |
| Balances with Govt and Statutory Authorities | - | - | 30,513 | 22,876 |
| | 154,686 | 52,501 | 72,418 | 63,040 |
| Advance to Related Party (Unsecured) (Considered Goods) To Key Managerial Persons | - | - | | |
| | 302,267 | 109,692 | 74,990 | 64,940 |

2.12 OTHER ASSETS

| | Non-Current | | Current | |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 | As at 31st March, 2014 | As at 31st March, 2013 |
| Interest Receivable | | | | |
| DEPB Licence Receivable | - | - | 46,681 | 33,941 |
| Duty Draw Back Receivable | - | - | - | - |
| | - | - | 70 | 165 |
| | - | - | 46,751 | 34,106 |

2.13 INVENTORIES (As taken, valued and certified by the Management)

| | | |
|-----------------------|---------|---------|
| Raw Materials# | 226,725 | 153,023 |
| Work in Progress | 105,018 | 93,068 |
| Semi Finished Goods | 4,000 | 3,890 |
| Finished Goods | 290,649 | 322,811 |
| Stores and Spares etc | 97,610 | 107,834 |
| Scraps | 267 | 450 |
| | 724,269 | 681,076 |

includes goods-in-transit ₹ 361 (Pr. Yr. 1,035)

Details of Inventories :

| | Finished Goods | | Work-in-Progress* | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 | As at 31st March, 2014 | As at 31st March, 2013 |
| Worm Reduction Gear | 10,154 | 11,142 | 6,108 | 8,200 |
| Spur Helical, Double Helical and Bevel Reduction Gear Boxes | 44,374 | 26,602 | 16,506 | 8,457 |
| Geared Motors/Coupling | 2,384 | 3,442 | 1,052 | 780 |
| Others | 1,380 | 714 | 7,534 | 5,750 |
| Tractor & Automobile Gear/Parts | 191,646 | 235,526 | 50,831 | 60,016 |
| Rear Axles & Spline Shaft for Tractor & Automobile | 40,711 | 45,385 | 26,987 | 13,755 |
| | <u>290,649</u> | <u>322,811</u> | <u>109,018</u> | <u>96,958</u> |

* Including Semifinished ₹.4,000 (3,890)

2.14 TRADE RECEIVABLES

| | Non-Current | | Current | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31st March, 2014 | As at 31st March, 2013 | As at 31st March, 2014 | As at 31st March, 2013 |
| Outstanding for a period exceeding six months | | | | |
| Unsecured, considered good | - | - | 94,685 | 85,046 |
| Doubtful | - | - | 15,313 | 18,090 |
| | - | - | <u>109,998</u> | <u>103,136</u> |
| Provision for doubtful receivables | - | - | 15,313 | 18,090 |
| | - | - | <u>94,685</u> | <u>85,046</u> |
| Other Receivables | | | | |
| Unsecured, considered good | | | | |
| Due from Others | - | - | 478,874 | 597,045 |
| Due from Related Party | - | - | 15,086 | - |
| | - | - | <u>493,960</u> | <u>597,045</u> |
| | - | - | <u>588,645</u> | <u>682,091</u> |

2.15 CASH AND BANK BALANCES

| | As at 31st March, 2014 | As at 31st March, 2013 |
|--|---------------------------|---------------------------|
| Cash and Cash Equivalents | | |
| Balances With Banks : | | |
| In Current Account | 23,900 | 119,655 |
| In Fixed Deposit Accounts with original maturity of less than three months | 353,000 | 212,200 |
| Cash on hand (Incl'd Stamps) (As certified by the Management) | 1,119 | 726 |
| | <u>378,019</u> | <u>332,581</u> |
| Other Bank Balances | | |
| Balances with Bank held as margin money / security (a) | 108 | 98 |
| In Fixed Deposit Accounts with original maturity of more than three months (b) | 567,050 | 291,350 |
| | <u>567,158</u> | <u>291,448</u> |
| | <u>945,177</u> | <u>624,029</u> |

a) Margin Money Account is Pledged with Banks against Bank Guarantees / Letter of Credits.

b) Pledged with Uco Bank ₹ 50 000.

(₹ In '000)

2.16 REVENUE FROM OPERATIONS (GROSS)

| | For the year ended | |
|--|--------------------|------------------|
| | 31st March, 2014 | 31st March, 2013 |
| Sale of Products (including Export Sales of ₹ 16889 Pr. Yr. ₹.21404) | 3,693,633 | 3,919,103 |
| Sale of Service | 1,396 | 1,837 |
| | <u>3,695,029</u> | <u>3,920,940</u> |
| Less : Excise Duty | 353,724 | 361,962 |
| | <u>3,341,305</u> | <u>3,558,978</u> |
| Details of Sale of Products | | |
| Worm Reduction Gear | 151,678 | 143,690 |
| Spur Helical, Double Helical and Bevel Reduction Gear Boxes | 533,739 | 638,587 |
| Geared Motors | 18,756 | 26,443 |
| Loose Gear including Jobbing Charges | 35,219 | 38,116 |
| Torison Shaft & Diaphragm Couplings | 5,321 | 11,015 |
| Tractor & Automobile Gear/Parts | 2,423,789 | 2,323,481 |
| Rear Axles & Spline Shaft for Tractor & Automobile | 662,418 | 1,020,285 |
| Loose Gears & Gear Boxes | 3,157 | 3,929 |
| Gear Coupling | 1,315 | 2,068 |
| Other | 44,090 | 39,692 |
| Solar Power | 16,821 | - |
| | <u>3,896,303</u> | <u>4,247,306</u> |
| Less : Inter unit transfer | (202,670) | (328,203) |
| | <u>3,693,633</u> | <u>3,919,103</u> |

2.17 OTHER INCOME

| | | |
|--|----------------|---------------|
| Interest Income | | |
| On Bank Deposits | 84,351 | 48,398 |
| Others | 490 | 4,324 |
| | <u>84,841</u> | <u>52,722</u> |
| Other Non Operating Income | | |
| Profit on sale of Fixed Assets | 687 | 5,313 |
| Excess Liabilities and Unclaimed Balances written back | 250 | 501 |
| Insurance and Other Claims (Net) | 15 | 82 |
| Reversal of Impairment | - | 442 |
| Net gain / (loss) on Foreign Currency transactions | 1,397 | 2,246 |
| Prior Period Adjustments | - | - |
| Misc. Income * | 15,871 | 21,565 |
| | <u>103,061</u> | <u>82,871</u> |

* 1) Includes ₹ 10,073 (₹ 2,655) cash discount received on early payments.

* 2) Includes ₹ 3,529 (₹ 79) received from parties which was provided doubtful and written off in earlier years.

(₹ In '000)

2.18 COST OF MATERIALS CONSUMED

For the year ended

| | 31st March, 2014 | 31st March, 2013 |
|-------------------------------|------------------|------------------|
| Raw Material Consumed | | |
| Opening Inventories | 153,023 | 361,313 |
| Add : Purchase | 1,575,861 | 1,527,298 |
| | 1,728,884 | 1,888,611 |
| Less: Closing Inventories | 226,725 | 153,023 |
| Add : Purchase for Trading | 116 | - |
| Cost of Raw Material Consumed | 1,502,275 | 1,735,588 |

Details of Raw Material Consumed

| | | |
|--|-----------|-----------|
| Bearings | 74,963 | 115,946 |
| PB Rims | 16,654 | 27,647 |
| Steel | 1,074,468 | 1,163,300 |
| Castings | 85,486 | 86,020 |
| Electric Motors | 3,526 | 5,837 |
| Steel Castings & Forgings | 72,992 | 151,154 |
| Tractor & Automobile Gear/Parts | 116,951 | 175,922 |
| Rear Axles & Spline Shaft for Tractor & Automobile | 119,204 | 192,736 |
| Others | 140,585 | 145,230 |
| Purchase for Trading | 116 | - |
| | 1,704,945 | 2,063,792 |
| Less : Inter unit transfer | (202,670) | (328,204) |
| | 1,502,275 | 1,735,588 |

2.19 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS**Inventories at the beginning of the year**

| | | |
|------------------|---------|---------|
| Finished Goods | 322,811 | 150,589 |
| Work-in-Progress | 93,068 | 132,963 |
| Semi Finished | 3,890 | 7,581 |
| Scraps | 450 | 425 |
| | 420,219 | 291,558 |

Inventories at the end of the year

| | | |
|------------------|---------|-----------|
| Finished Goods | 290,649 | 322,811 |
| Work-in-Progress | 105,018 | 93,068 |
| Semi Finished | 4,000 | 3,890 |
| Scraps | 267 | 450 |
| | 399,934 | 420,219 |
| | 20,285 | (128,661) |

2.20 EMPLOYEE BENEFIT EXPENSE

| | | |
|--|---------|---------|
| Salaries & Wages | 327,813 | 300,817 |
| Contribution to Provident Funds, Gratuity & Others | 25,590 | 22,576 |
| Staff Welfare Expenses | 21,178 | 21,559 |
| | 374,581 | 344,952 |

(₹ In '000)

2.21 FINANCE COST

For the year ended

| | 31st March, 2014 | 31st March, 2013 |
|---|------------------|------------------|
| Interest Expenses | | |
| To Banks on Term Loans | 14,040 | 11,459 |
| " Banks On Working Capital Loans | 59,593 | 53,488 |
| " Others | 1,736 | 5,781 |
| | <u>75,369</u> | <u>70,728</u> |
| Other Borrowing Cost | | |
| Financial Charges | 3,925 | 2,383 |
| Foreign Currency Loss on Foreign Currency Loan* | 16,565 | 2,012 |
| | <u>95,859</u> | <u>75,123</u> |

* Net loss of foreign currency fluctuation on Foreign Currency Loan to the extent of interest cost.

2.22 OTHER EXPENSES

MANUFACTURING EXPENSES

| | | |
|--|----------------|----------------|
| Stores, Spare Parts & Packing Materials Consumed | 287,452 | 299,397 |
| Power & Fuel | 112,596 | 124,406 |
| Job Charges | 160,981 | 164,785 |
| Repairs to Buildings | 3,448 | 5,365 |
| Repairs to Machinery | 171,963 | 172,481 |
| Repairs to Other Assets | 16,169 | 13,959 |
| Solar Power | 2,250 | - |
| Increase/(Decrease) in Excise on Stocks | 21,454 | 29,357 |
| | <u>776,313</u> | <u>809,750</u> |

ADMINISTRATION AND SELLING EXPENSES

| | | |
|---|----------------|----------------|
| Brokerage & Commission on Sales | 7,340 | 7,726 |
| Transport & Forwarding Expenses | 45,135 | 43,647 |
| Rent | 8,033 | 6,167 |
| Insurance | 2,097 | 1,877 |
| Rates & Taxes | 1,142 | 1,287 |
| Legal & Professional Expenses | 33,474 | 27,359 |
| Travelling Expenses | 29,340 | 25,009 |
| Bank Charges | 3,258 | 3,521 |
| Postage, Telephones, Telex | 3,377 | 2,926 |
| Printing & Stationery | 4,388 | 3,762 |
| Bad Debts | - | - |
| Directors' Fees | 103 | 91 |
| Directors Commission | 700 | 700 |
| Donation | 922 | 361 |
| Tax and Duties | 11,561 | 12,479 |
| Auditors' Remuneration - | - | - |
| Statutory Auditors - | - | - |
| Audit Fees | 506 | 506 |
| Limited Review Fees | 42 | 56 |
| Tax Audit Fees | 91 | 90 |
| Issue of Certificates | 185 | 445 |
| Previous year adjustment | - | 564 |
| Sundry Balance Written Off(Net) | 1 | 7 |
| Net (Gain)/Loss on Foreign currency transaction and translation | - | - |
| Loss on sale/discard of Fixed Assets | 264 | 2 |
| Miscellaneous Expenses | 16,244 | 19,766 |
| | <u>168,203</u> | <u>158,348</u> |
| | <u>944,516</u> | <u>968,098</u> |

(₹ In '000)

2.23 DEPRECIATION AND AMORTIZATION EXPENSES

| | For the year ended | |
|--|--------------------|------------------|
| | 31st March, 2014 | 31st March, 2013 |
| On Tangible Assets | 160,449 | 136,098 |
| On Intangible Assets | 610 | 230 |
| | <u>161,059</u> | <u>136,328</u> |
| Less : Transferred from Reserve on Revaluation | 373 | 373 |
| | <u>160,686</u> | <u>135,955</u> |

2.24 TAX EXPENSE

| | | |
|--|----------------|----------------|
| Taxation for the Current Year | 72,558 | 102,199 |
| Less : MAT Credit Entitlement u/s 115 JB of the Income Tax Act | 72,558 | - |
| Add : Utilisation of Mat Credit Entitlement | - | 25,675 |
| Current Tax | | <u>127,874</u> |
| Taxation relates to Earlier year | | |
| Tax | 562 | - |
| Mat Credit Entitlement | (3,479) | - |
| | <u>(2,917)</u> | <u>-</u> |
| Deferred Tax | <u>118,450</u> | <u>8,800</u> |
| | <u>115,533</u> | <u>136,674</u> |

2.25 Contingent Liabilities not provided for in respect of :

(₹ In '000)

- Claims against the company not acknowledged as ₹ 2,306 (₹ 2,306).
- Letter of Guarantee opened by Bank in favour of foreign /Indian suppliers ₹ 3,787 (₹ 3,648).
- Sales Tax and Excise Duty liabilities ₹ 47,231 (₹ 41,678) and ₹ 31 (₹ 31) respectively.
- Guarantee issued by Bank for ₹ 92,200 (₹ 82,871) including ₹ 10,411 (₹ 5,191) in respect of amount included in Advance from customers. The bank held margin money of ₹ 60 (₹ 60) as fixed deposit receipts against the said guarantee.
- Indemnity bond issued for ₹ 92 (₹ 361).
- Indemnity Bonds issued in favour of Customs Department for ₹ 4,166 (₹ 4,166) and ₹ 82 (₹ 82) deposited in this respect, has been included in security deposit.
- Proportionate value of duty saved in terms of Letter of Undertaking given to Jt. Director General of Foreign Trade under EPCG Scheme, where export obligation can be completed in future years ₹ 27,010 (₹ 35,403).
- Letters of Credit opened by Bank in favour of Foreign suppliers is ₹ Nil (₹ 7,238).
- The disputed demand of Income Tax and Fringe Benefit Tax amounting to ₹ 13,325 (₹ 13,325) not provided in the accounts as the matter pending adjudication before CIT (Appeals), VI, Kol. and DCIT Cir-6. (Refer Note. 2.33)
 - Assessment year 2007-08 demand ₹ 12,422 (₹ 12,422) paid Self Assessment Tax ₹ 10,778 (Income Tax).
 - Assessment Year 2008-09 demand ₹ 45 (₹ 45) paid by way of adj by department with refund of A.Y. 2011-12 out of ₹ 510 (Income Tax).
 - Assessment Year 2009-10 demand ₹ 3 (₹ 3) paid by way of adj by department with refund of A.Y. 2011-12 out of ₹ 510 (Income Tax).
 - Assessment Year 2009-10 demand ₹ 215 (₹ 215) paid by way of adj by department with refund of A.Y. 2011-12 out of ₹ 510 Adjusted ₹ 462 (Fringe Benefit Tax).
 - Assessment year 2010-11 demand ₹ 640 (₹ 640).
- The disputed dues on account of CENVAT, Service Tax, Sales Tax, Interest on Excise Duty and Penalty amounting to ₹ 11,592 (₹ 10,389) has not been provided in the accounts and deposited as the matter is pending Adjudication before concerned authorities. (Ref Note 2.33)

2.26 Capital Commitments

Estimated value of contracts remaining to be executed on Capital Account and not provided for ₹ 67,385 (₹ 1,84,750) Advance paid ₹ 1,37,287 (₹ 47,987)

2.27 The Company is in the process of identifying Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Therefore, it is not possible for the Company to ascertain whether payment to such enterprises has been done within 45 days from the date of acceptance of supply of goods or services rendered by such enterprises and to make requisite disclosure. The disclosure as required under the said act is as under :-

| | | 31.03.2014 | 31.03.2013 |
|----|---|------------|------------|
| a) | Principal amount due to supplier under MSMED Act. | Nil | Nil |
| b) | Interest due to suppliers on above | Nil | Nil |
| c) | Any payment made to suppliers beyond appointed date (under Section 16 of the Act) | Nil | Nil |
| d) | Interest due and payable to suppliers under MSMED Act. | Nil | Nil |
| e) | Interest accrued & remaining unpaid as at 31.03.2014 | Nil | Nil |
| f) | Interest remaining due & payable as per Section 23 of the Act. | Nil | Nil |

2.28 The amount of borrowing cost capitalized during the year ₹ 28 (₹ 35) and borrowing cost adjusted in capital advance Account for ₹ 1759 (Nil).

2.29 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.

2.30 Excise duty amounting to ₹ 21,454 (₹ 29,356) has been provided on manufactured goods lying at factory on estimated basis, which have no effect on the profit for the year.

2.31 Provision has not been made for ₹ 676 (Pr. Yr. ₹ 372) in respect of additional external development charges demanded by Directorate of Town and Country Planning, Haryana, Chandigarh in respect of Company's land at village Baghola, Dist. Palwal, Faridabad.

2.32 There is no amount pending transfer and due to be transferred to Investor Education & Protection Fund.

2.33 The disputed and unpaid dues on account of Income Tax, Sales Tax, Excise Duty, Service Tax pending adjudication before concerned authorities are as follows :

| Name of the Statute | Nature of Dues | Amount (₹) Current year | Amount (₹) Previous Year | Forum Where dispute is Pending |
|--|---|----------------------------|-----------------------------|---|
| Central Excise Act, 1944 & Rules | Central Excise | 31 | 31 | CEGAT, Kolkata |
| Central Sales Tax Act, 1956 | Central Sales Tax | 42,321 | 59,936 | Appeal, Revision Board and High Court |
| W.B. Sales Tax Act, 1944 | W.B. Sales Tax | 28,168 | 29,042 | Appeal, Revision Board and Tribunal |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | CENVAT for Service Tax on Rent | 419 | 419 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi |
| Central Excise Act, 1944 (Rule 15 of CENVAT Credit Rule) | Penalty Service Tax GTA | NIL | 191 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | CENVAT for Service Tax on Goods Transport | NIL | 191 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi |

(₹ In '000)

| Name of the Statute | Nature of Dues | Amount (₹) Current year | Amount (₹) Previous Year | Forum Where dispute is Pending |
|--|---|----------------------------|-----------------------------|--|
| Central Excise Act, 1944 (Rule 15(2) of C.Excise Rule) | Penalty under Central Excise for wrong claim of CENVAT | 509 | 509 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | Excise Duty on line Rejection. | 282 | 282 | Dy. Commissioner of Central Excise, Division-1, Faridabad. |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | Penalty on official of the company for wrong declaration | 25 | 25 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi. |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | Penalty on Company for wrong declaration | 100 | 100 | Central Excise & Service Tax Appeals Tribunal (CESTAT), New Delhi. |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | CENVAT on Tin Coating Charges on Cutting Tools | 10,159 | 8,574 | Joint Commissioner of Central Excise, Delhi-IV, Faridabad. |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | Penalty Service Tax GTA | 49 | 49 | Commissioner (Appeals) Central Excise, Delhi-IV, Faridabad |
| Central Excise Act, 1944 (Rule 14 of CENVAT Credit Rule) | Service Tax (GTA) | 49 | 49 | Commissioner (Appeals) Central Excise, Delhi-IV, Faridabad |
| Income Tax Act, 1961 | Short allowance of our Claim 80IC and Short allowance of TDS & Other. Asst. Year 2010-11 | 640 | 640 | Commissioner of Income Tax VI (Appeals)/Kolkata. |
| Income Tax Act, 1961 | Short Allowance of Self Assessment Tax ₹ 10778342/- & TDS ₹ 7525/- | 1,644 | 1,644 | ITO Ward 6(1) Kolkata. |

2.34 Related Party Information

- i) Person Having Control : Mr. P.K. Daga, Chairman cum Managing Director & Relatives :-
a) Smt. Asha Devi Daga
b) Mr. Yashwant Daga
c) Smt. Nandini Daga
d) Mr. Shantanu Daga
- ii) Key Management Personnel : a) Mr. B.P. Chaudhary – Chief Executive(Operations)
b) Mr. Sunil Ghiya – Chief Operating Officer.
c) Mr. Manish Khanna – Chief Financial Officer
- iii) Enterprises over which persons having control have significant influence : a) M/s. Deepak Spinners Limited

(₹ In '000)

| Transaction with related parties : | | 31.03.2014 | 31.03.2013 |
|------------------------------------|---|------------|------------|
| a) | Person having control – (Salary and perquisites) | 4,426 | 3,920 |
| b) | Key Management Personnel (Salary and perquisites) | 6,312 | 4,760 |
| | i) Advance given and subsequently Recovered | 3,553 | 1,937 |
| | Balance Advance outstanding at the close of the year | Nil | Nil |
| c) | Sales to Enterprises over which persons having control have significant influence | 15,086 | Nil |
| | Balance Debtor outstanding at the close of the year | 15,086 | Nil |

Notes : Related party relationship on the basis of requirement of Accounting Standard 18 as above is pointed out and relied upon by auditors.

2.35 Value of Imported/Indigenous Raw materials, Stores & Spares parts (including Packing Materials) Materials consumed and percentage thereof : (₹ In '000)

| | Raw Materials | | | | Stores & Spare Parts* | | | |
|------------|---------------|------------|------------------------|------------|-----------------------|------------|------------------------|------------|
| | Amount | | % of Total consumption | | Amount | | % of Total Consumption | |
| | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 |
| Imported | 14,885 | 11,058 | 1.00 | 0.64 | 3,863 | 3,895 | 1.34 | 1.30 |
| Indigenous | 14,87,390 | 17,24,530 | 99.00 | 99.36 | 2,83,589 | 295,502 | 98.66 | 98.70 |
| | 15,02,275 | 17,35,588 | 100.00 | 100.00 | 2,87,452 | 299,397 | 100.00 | 100.00 |

* Excludes imported machinery spares consumed ₹ 1,659 (₹ 2,993) used in machinery maintenance.

2.36 Disclosures pursuant to Accounting Standard-15 "Employees Benefits".

As per Accounting Standard 15 "Employees Benefit" the disclosure of Employees Benefit as defined in Accounting Standard are given below :

i) **Defined Contribution Scheme :**

Contributions to Defined contribution Plan recognized as expenses for the year are as under :

(₹ In '000)

| | 2013-14 | 2012-13 |
|---|---------|---------|
| Employers' Contribution to Provident Fund (Govt.) | 6,554 | 5,232 |
| Employers' Contribution to Family Pension Fund | 6,650 | 6,531 |
| Employers' Contribution to Employees State Insurance | 4,772 | 4,651 |

ii) **Defined Benefit Scheme :**

a) In respect of Provident funds for eligible employees maintained by a trust, in the nature of defined benefit scheme up to date shortfall, if any, as per actuarial valuation, in respect of contribution towards such funds is yet to be identified. However contribution to those provident funds amounting to ₹ 2,201 (₹ 2,508) is recognized as expenses and included in 'Employees Benefit Expenses'.

b) The Company makes annual contribution of Gratuity to Gratuity Fund maintained by Trust created by the company for the scheme. Eligible employees are entitled to gratuity benefit (at one half months eligible salary for each completed year of service) on retirement / death / termination. Eligibility occurs upon completion of 5 years of continuous service. The Employees of the company are also eligible for encashment of leave upon retirement. Refer Note No.1(e) of Accounting Policies relating to Employees Benefit :- Following are the further particulars with respect of gratuity and leave encashment:-

(₹ In '000)

| | | Gratuity Fund (Funded) | | Leave Encashment (Unfunded) | |
|-----------|--|---------------------------|---------------------------|--------------------------------|---------------------------|
| | | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 |
| 1) | Components of Employer Expenses | | | | |
| a) | Current Service Cost | 5549 | 5402 | 1028 | 1314 |
| b) | Interest Cost | 6525 | 5765 | 1069 | 884 |
| c) | Expected Return on Plan Assets | (5946) | (5410) | 0 | 0 |
| d) | Actuarial Loss/(Gain) | (1937) | (2934) | (849) | (448) |
| e) | Total Expenditure | 4191 | 2824 | 1248 | 1750 |
| 2) | Net Assets/(Liability) recognized in the Balance Sheet as at 31st March, 2014 | | | | |
| a) | Present value of Defined Benefit Obligation | 72542 | 72455 | 12216 | 11539 |
| b) | Fair Value of Plan Assets | 68351 | 69631 | 0 | 0 |
| c) | Net Assets/(Liability) recognized in Balance Sheet | (4191) | (2824) | (12216) | (11539) |
| 3) | Change in defined Benefit Obligation | | | | |
| a) | Present Value of Obligation at beginning of Period | 72455 | 71675 | 11539 | 10568 |
| b) | Current Service Cost | 5549 | 5402 | 1028 | 1314 |
| c) | Interest Cost | 6525 | 5765 | 1069 | 884 |
| d) | Expected Return on Plan Assets | 0 | 0 | 0 | 0 |
| e) | Actuarial (Gain)/Loss | (2029) | (2288) | (849) | (448) |
| f) | Benefit Paid | (9957) | (8099) | (571) | (779) |
| g) | Present Value of Obligation | 72542 | 72455 | 12216 | 11539 |
| 4) | Change in Fair Value of Assets | | | | |
| a) | Plan Assets at beginning of Period | 69631 | 68426 | N.A. | N.A. |
| b) | Expected Return on Plan Assets | 5946 | 5410 | N.A. | N.A. |
| c) | Actual Company's Contribution | 2824 | 3249 | 571 | 779 |
| d) | Actuarial(Gain)/Loss | (92) | 646 | 0 | 0 |
| e) | Benefit Paid | (9957) | (8099) | 571 | 779 |
| f) | Plan Assets at the end of Period | 68351 | 69631 | 0 | 0 |
| g) | Actual Return on Plan Assets | 5854 | 6056 | N.A. | N.A. |
| 5) | Actuarial Assumptions | | | | |
| a) | Discount Rate (per annum) | 9.00% | 8.00% | 9.00% | 8.00% |
| b) | Rate of Increase in Salaries | 7.00% | 5.00% | 7.00% | 6.00% |
| c) | Rate of Return on Plan Assets | 8.00% | 8.00% | | |
| d) | Mortality Rates | LIC (2006-08) Ultimate | LIC (1994-96) Ultimate | LIC (2006-08) Ultimate | LIC (1994-96) Ultimate |
| 6) | Major Categories of Plan Assets as a percentage | | | | |
| a) | Govt. Loans | 42.57% | 41.99% | N.A. | N.A. |
| b) | PSU Bonds | 54.90% | 57.04% | N.A. | N.A. |
| c) | Other Current Assets | 2.53% | 0.97% | N.A. | N.A. |

2.37 Segment Information

| A) Information about Business Segment-Primary | | | (₹ In '000) | |
|---|---|------------------|------------------|--|
| Sl. No. | Particulars | Amount 31.03.14 | Amount 31.03.13 | |
| 1 | Segment Revenue | | | |
| 1 | Automobile Gear | 2,643,003 | 2,778,040 | |
| 2 | Industrial Gears | 681,481 | 780,938 | |
| 3 | Solar Power – Electricity | 16,821 | - | |
| | Sales/Income from operation | 3,341,305 | 3,558,978 | |
| 2 | Segment Results | | | |
| 1 | Automobile Gear | 306,457 | 411,071 | |
| 2 | Industrial Gears | 39,848 | 91,975 | |
| 3 | Solar Power – Electricity | (7,341) | | |
| | Total | 338,964 | 503,046 | |
| | Less : Interest | 95,860 | 75,123 | |
| | Un allocable Income (net of un-allocable expenditure) | 103,061 | 82,871 | |
| | Profit/(Loss) for the year before Tax | 346,165 | 510,794 | |
| | Less : Income Tax (Current Year) | - | 127,874 | |
| | Less : Income Tax (Earlier Years) | (2,917) | - | |
| | Deferred Tax | 118,450 | 8,800 | |
| | Profit/(Loss) for the year after Tax | 230,632 | 374,120 | |
| 3 | Other Information's | | | |
| a) | Segment Assets | | | |
| | 1. Automobile Gear | 2,596,309 | 2,328,343 | |
| | 2. Industrial Gears | 963,223 | 811,492 | |
| | 3. Solar Power – Electricity | 420,047 | - | |
| | 4. Unallocable | 155,467 | 73,857 | |
| | Total | 4,135,046 | 3,213,692 | |
| b) | Segment Liabilities | | | |
| | 1. Automobile Gear | 640,470 | 505,862 | |
| | 2. Industrial Gears | 1,150,470 | 812,545 | |
| | 3. Solar Power – Electricity | 101,865 | - | |
| | 4. Unallocable | 3,238 | 4,988 | |
| | Total | 1,896,043 | 1,323,395 | |
| | Capital Expenditure | | | |
| 1 | Automobile Gear | 98,666 | 200,433 | |
| 2 | Industrial Gears | 72,884 | 49,805 | |
| 3 | Solar Power – Electricity | 425,661 | - | |
| 4 | Unallocable | 77 | 225 | |
| | Total | 597,288 | 250,463 | |
| | Depreciation | | | |
| 1 | Automobile Gear | 89,191 | 89,046 | |
| 2 | Industrial Gears | 49,715 | 46,806 | |
| 3 | Solar Power – Electricity | 21,705 | - | |
| 4 | Unallocable | 75 | 103 | |
| | Total | 160,686 | 135,955 | |

(₹ In '000)

| Sl. No. | Particulars | Amount 31.03.14 | Amount 31.03.13 |
|---------|--|-----------------|-----------------|
| | Non Cash Expenses Other than Depreciation | | |
| 1 | Automobile Gear | - | - |
| 2 | Industrial Gears | - | - |
| 3 | Solar Power – Electricity | - | - |
| 4 | Unallocable | - | - |
| | Total | - | - |

Note : The Company allocates un allocable expenditure incurred at Head Office to Kolkata Unit and Faridabad unit and Rudrapur Unit in the ratio of 30:60:10 (30:60:10). The Kolkata Unit manufactures Industrial Gears only. Rudrapur Unit manufactures Automobile Gear whereas Faridabad unit manufactures both Industrial Gear & Automobile Gear.

B) Secondary Segment

The Company caters mainly to the needs of the Indian market and there is no reportable geographical segment.

Other Disclosure

- 1) There is no inter Segments revenue/result
- 2) Type of Products in each business segment
 1. Automobile Gears – Tractor & Automobile Gears & Shaft, Moped/Motor Cycle Parts.
 2. Industrial Gears – Helical Gear, Worm Gear Boxes, Geared Motors.
 3. Other un-allocable – Nil.
 4. Solar Power – Electricity

2.38 Earnings in Foreign Currencies

| | 31.03.2014 | 31.03.2013 |
|--------------------------|------------|------------|
| Export (on F.O.B. Basis) | 16,889 | 21,404 |

2.39 Expenditure in Foreign Currencies (as certified)

| | 31.03.2014 | 31.03.2013 |
|--------------|------------|------------|
| a) Traveling | 1,738 | 642 |
| b) Others | 4,037 | 5,449 |

2.40 C.I.F. Value of Imported Materials

| | 31.03.2014 | 31.03.2013 |
|-----------------------|------------|------------|
| Raw Materials | 12,311 | 6,948 |
| Stores & Spares Parts | 10,582 | 7,096 |
| Capital Goods | 16,693 | 90,006 |

2.41 Commission payable to non-executive Directors ₹.700/- (₹.700/-) is subject to approval of Shareholders of the Company in Company's annual general meeting.

2.42 Figures for the previous year have been regrouped and/or recast wherever necessary.

As per our Report of even date annexed.

For **SINGHI & CO.**

Chartered Accountants

Firm Reg. No. 302049E

M. L. SUKLA

Partner

Membership No. 051505

1B, Old Post Office Street

Kolkata - 700 001

Dated : The 30th day of May, 2014

V. D. MALL
Company Secretary

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

A. P. AGARWALLA (DIN : 00312652)

S. CHAKRABORTY (DIN : 00066344)

S. C. MOHTA (DIN : 00066305)

Directors

If undelivered, please return to :
DEEPAK INDUSTRIES LIMITED
16, HARE STREET, KOLKATA - 700 001