

**ANNUAL REPORT
&
ACCOUNTS**

FOR THE YEAR ENDED 31ST MARCH, 2023

DEEPAK INDUSTRIES LIMITED

Corporate Information

Shri Pradip Kumar Daga

Chairman cum Managing Director

Shri Yashwant Kumar Daga

Vice Chairman cum Joint Managing Director

Shri Sujit Chakravorti **BOARD OF DIRECTORS**

Shri Anand Prasad Agarwalla

Shri Ganapathy Anantha Narayanan

Smt. Meera Dokania

Shri Maneesh Khanna **CHIEF FINANCIAL OFFICER**

Ms. Nikita Puria **COMPANY SECRETARY & COMPLIANCE OFFICER**

Lodha & Co.

Chartered Accountants

Kolkata

STATUTORY AUDITOR

State Bank of India

UCO Bank

BANKERS

16, Hare Street 2nd Floor, Kolkata -700001

Ph. : (033) 2248-2391/2/3

Fax : (033) 2248-9382

Email : secretary@dil-india.com

Website : www.dil-india.com

REGISTERED OFFICE

Maheshwari Datamatics Pvt.Ltd.

25, R. N Mukherjee Road

5th Floor, Kolkata-700001

Ph.: (033) 2248-2248, 2343-5029

Fax: (033) 2248-4787

E-mail: mdpldc@yahoo.com

REGISTRARS & SHARE TRANSFER AGENT

Content	Page No.
Boards' Report	1
Management Discussion and Analysis	7
Annexures To Board's Report	10
Report on Corporate Governance	24
Independent Auditors Report	40
Balance Sheet	50
Statement of Profit and Loss	51
Statement of Changes in Equity	52
Statement of Cash Flows	53
Notes to the Financial Statements	55

Boards' Report For the year ended 31st March, 2023

Dear Members,

Your Directors present herewith the 68th Annual Report on the business & operations of the Company along with the Audited Financial Statements for the financial year ended 31st March, 2023.

Financial Results

(Rs. in Lakhs)

Particulars	31st March, 2023	31st March, 2022
Profit before Finance Cost, Depreciation and Amortization & Tax	19,084.65	14,321.04
Less: Finance Cost	606.36	585.06
Depreciation and amortization	2,688.75	2,598.95
Profit/ (Loss) before Tax	15,789.55	11,137.03
Less: Tax Expense		
Current Tax	4,218.22	2,965.44
Deferred tax- Charge/(Credit)	(185.65)	(134.12)
Profit for the year	11,756.98	8,305.71
Other Comprehensive Income for the year (net of tax)	(4.65)	20.76
Total Comprehensive Income for the year comprising profit and other Comprehensive Income for the year	11,752.33	8,326.47

FINANCIAL PERFORMANCE 2022-23

The Company recorded Total Revenue of Rs. 82,020.16 lakhs (including other income aggregating to Rs. 1860.58 lakhs) during the financial year ended 31st March, 2023. The Revenue from Operations (Gross) of the Company for the year 2022-23 stood at Rs. 80,159.58 lakhs. The Profit before Finance Costs, Tax, Depreciation and Amortisation for the year under review stood at Rs. 19084.65 lakhs.

SHARE CAPITAL

The Authorized Share Capital of your Company as on March 31, 2023 stood at Rs. 5,30,00,000 divided into 53,00,000 equity shares of Rs. 10/- each. The Issued Share Capital of your Company is 3,95,64,330 divided into 39,56,433 equity shares of Rs. 10/- each and the Subscribed and Paid-up Share Capital is 3,95,64,330 divided into 39,56,433 equity shares of Rs. 10/- each, fully paid-up.

DIVIDEND & RESERVES

The Board of Directors has recommended a dividend of Rs. 10 on Equity Shares (100%) for the Financial year 2022-23 for your approval which will be subject to applicable tax in the hands of shareholders. This dividend will be paid when approved by the shareholders in accordance with law and would involve a cash outflow of Rs.395.64 lakhs. Your Company has not transferred any amount to the General Reserve during the financial year ended 31st March, 2023.

CREDIT RATING

ICRA Limited (ICRA) has upgraded the long-term rating to [ICRA]AA (pronounced ICRA double A) from [ICRA] AA- (pronounced ICRA double A minus) ("Rating") and also reaffirmed the short-term rating at [ICRA]A1+ (pronounced ICRA A one plus). The outlook on the long-term rating has been revised to Stable from Positive.

DEPOSITS

The Company has not accepted any deposit from the Public and as such there are no outstanding deposits in terms of the Chapter V of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

SUBSIDIARIES/ASSOCIATE COMPANIES

The Company has acquired on a going concern basis Lotus Auto Engineering Limited (LAEL), a manufacturing company under liquidation process as per the provisions of the Insolvency and Bankruptcy Code, 2016. Pursuant to this, the company has invested Rs. 3800 lakhs comprising of 3,364 number of optionally fully convertible secured Debentures of Rs. 1 lakh each and 43,60,000 number of Equity Shares of Rs 10 each during the year ended 2021-2022 and thereby, LAEL became wholly owned subsidiary of the company. National company Law tribunal (NCLT) vide it's order delivered on 7th September, 2022 confirmed the said transaction and has directed the liquidator to provide necessary support and assistance to complete the said acquisition. Pursuant to this, the Company has

thus acquired the control of the company under the supervision and the affairs of the same are currently managed by the Board of Directors of the said subsidiary. The financial statement of the subsidiary for the year ended 31.03.2023 being under compilation as such could not be completed and submitted to the company for the purpose of consolidation. These financial statements once completed and audited by their statutory auditor will therefore be submitted in due course of time. Pending this, the affairs of the said subsidiary company has not been considered for consolidation.

DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

The Board consists of four non-executive directors and two executive directors who have wide and varied experience in different disciplines of corporate functioning. Out of four non-executive directors, three of them are Independent Directors and one Non-Independent Director.

In terms of Articles of Association of the Company read with section 150, 152 of the Companies Act, 2013, Shri Pradip Kumar Daga (DIN:00040692), is retiring by rotation at the ensuing Annual General Meeting and being eligible offered himself for re-appointment. The Board recommends his re-appointment to the members of the Company in the ensuing Annual General Meeting. The brief resume and other details as required under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) read with the Secretarial Standard on General Meetings (SS-2) are provided in the Notice of the 68th Annual General Meeting.

The tenure of Shri Pradip Kumar Daga (DIN 00040692) as Chairman cum Managing Director expires on 15th December 2023. In accordance with the provisions of the Companies Act, 2013 and Articles of Association of the Company, pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Audit Committee, the Board recommends re-appointment of Shri Pradip Kumar Daga as Chairman cum Managing Director for a period of five years with effect from 16th December 2023 till 15th December 2028 to the members of the Company at the ensuing Annual General Meeting. A suitable resolution in this behalf is being proposed at the forthcoming Annual General Meeting for the approval of the members. The brief resume and other details as required under the Listing Regulations are provided in the Notice of the 68th Annual General Meeting.

Shri Ganapathy Anantha Narayanan (DIN 09491346), was appointed as an Additional Director in the category of Independent Director by Board of Directors in their meeting held on 12.02.2022 for terms of five consecutive

years and was confirmed as Independent Non-Executive Director of the Company by the shareholders through postal ballot on 8th April 2022.

Further, designation of Smt. MeeraDokania (Din: 07094376) has changed from Non-Executive Independent Director to Non-Executive Non-Independent Director w.e.f. May 22, 2022.

Shri Roshan Davve, Company Secretary has resigned from the Company w.e.f 15th September, 2022.

Based on the recommendation of the Nomination & Remuneration Committee, the Board at its meeting held on 16th September, 2022 had approved the appointment of Ms. Nikita Puria as Company Secretary and Compliance Officer (Key Managerial Personnel) w.e.f. 16th September, 2022.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent directors of your Company have submitted their declaration under section 149(7) of the Companies Act, 2013 that they meet the criteria of Independence as provided under section 149(6) of the Companies Act, 2013 and Regulation 25 read with Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and are eligible for continuing as Independent Directors.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, the names of all the Independent Directors of the Company have been included in the data bank maintained by the Indian Institute of Corporate Affairs.

BOARD MEETINGS

During the year under review, a total of 6 (six) Board meetings were held on 23.05.2022, 11.08.2022, 16.09.2022, 27.09.2022, 11.11.2022 and 13.02.2023 in respect of which proper notices were given and the proceedings were duly recorded in the minutes book maintained for the purpose. The intervening gap between any two consecutive meetings did not exceed the gap of 120 days as prescribed by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. The details of the Board Meetings held during the year under review are given in the Corporate Governance Report forming a part of this Annual Report.

COMMITTEES OF THE BOARD

As on 31st March 2023, the Board had four Committees – the Audit Committee, the Corporate Social Responsibility Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship Committee. During the year, all recommendations made by the Committees

were approved and accepted by the Board.

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

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 an annual evaluation has been made by the Board of its own performance and that of its Committees and individual directors.

The Board on the recommendations of the Nomination and Remuneration Committee lays down the evaluation criteria for evaluation. All the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail by the Board of Directors.

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

A separate exercise was carried out to evaluate the performance of individual Directors who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board excluding the Director being evaluated. The performance evaluation of the Chairman and non-independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013 the Directors to the best of their knowledge and belief hereby confirm that:

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

AUDIT COMMITTEE

The Board of Directors of your Company has duly constituted an Audit Committee in compliance with the provisions of Section 177 of the Act, the Rules framed thereunder read with Regulation 18 of the Listing Regulations. The recommendations made by the Audit Committee are accepted by your Board.

Name of the Audit Committee members, number of meetings held during the year under review, terms of reference and other requisite details have been provided in the Corporate Governance Report which forms part of this Annual Report.

VIGIL MECHANISM /WHISTLE BLOWER POLICY

In terms of Section 177 of the Act and Rules framed thereunder read with Regulation 22 of the Listing Regulations, your Company has a Vigil Mechanism/Whistle Blower Policy in place for the Directors and Employees of your Company through which genuine concerns regarding various issues relating to inappropriate functioning of the organization can be raised. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism. No person has been denied an opportunity to have access to the Audit Committee Chairman.

The Policy on Vigil Mechanism has been uploaded on the website of your Company at the web-link <https://www.dil-india.com/policies>

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

Your Company has zero tolerance for sexual harassment at work place and is committed to provide a safe and conducive work environment to its employees. The

Company has not received any complaint under 'The Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013, during the year.

NOMINATION & REMUNERATION POLICY

The Board has on the recommendations of the Nomination and Remuneration Committee adopted a policy for selection and appointment of Directors, KMP and Senior Management and their remuneration and the said policy was amended from time to time. The details of the said Policy is annexed herewith and marked as 'Annexure-I' forming part of this report. The complete policy is available at the website of the Company at web-link <https://www.dil-india.com/policies>

DISCLOSURE REGARDING EMPLOYEES

- a) The Statement of Details of Remuneration as required under Section 197 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed herewith and marked as 'Annexure - II' and forms a part of this Board's Report.
- b) The details as required pursuant to provisions of sub-rule (2) and (3) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment and re-enactment thereof) and forming part of this report is given in separate annexure to this Report. The said annexure is not being sent along with this Report to the Members of the Company in line with the provisions of Section 136 of the Companies Act, 2013. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company. The aforesaid annexure is also available for inspection by the Members at the Registered office of the Company, twenty-one days before the 40th Annual General Meeting and up to the date of the said Annual General Meeting during business hours on working days.
- c) No employee, other than Shri P. K. Daga Chairman cum Managing Director and Shri Y. K. Daga Vice-Chairman cum Joint Managing Director by himself or along with his relatives holds 2% or more of the equity shares of the Company.

LOANS, GUARANTEES & INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the notes to the financial statements of the Company forming part of the Annual Report.

RELATED PARTY TRANSACTIONS

During the financial year 2022-23, all contracts /

arrangements/transactions entered into by your Company with Related Parties were on an arm's length pricing basis and were in the ordinary course of business and do not attract the provisions of Section 188 of the Companies Act, 2013.

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

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

The Policy on Related Party Transactions, as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationship or transaction vis-à-vis the Company.

RISK MANAGEMENT

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

INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

The Company has in place proper policies and procedures designed to ensure sound management of your company's operations. Internal Financial Control System commensurate with the size, scale and nature of its operations. The Internal Financial Control Systems of the Company are appropriate for safeguarding of its assets, prevention and detection of frauds and errors, accuracy

and completeness of the accounting records and timely preparation of reliable financial information. During the year under review, the Company has not come across any incidence of fraud.

The Company has adopted accounting policies, which are in line with the applicable accounting standards and the Companies Act, 2013. Systems and procedures are periodically reviewed to keep pace with the changing circumstances.

Internal Audit is conducted by independent Chartered Accountants, on quarterly basis. The Internal Auditors monitor and evaluate the efficacy and adequacy of internal control systems in the Company. Based on the reports of the Internal Auditors, the respective departments undertake corrective actions in their respective areas and thereby strengthen the controls.

CORPORATE SOCIAL RESPONSIBILITY

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

A report on Corporate Governance as required under Regulation 34 and as stipulated in Part C of Schedule V of Listing Regulations is annexed herewith and forms part of this report. Compliance Certificate issued by Practising Company Secretary, regarding compliance of Corporate Governance is also annexed therewith.

EXTRACT OF THE ANNUAL RETURN

Pursuant to section 92(3) read with Section 134(3) (a) of the Companies Act, 2013, the Annual Return as on March 31, 2023 is available on the Company's website at <https://www.dil-india.com/annual-return>

STATUTORY AUDITORS AND THEIR REPORT

In terms of Section 139 of the Companies Act, 2013, read

with the Companies (Audit and Auditors) Rules, 2014 (as amended), M/s. Lodha & Co., Chartered Accountants (Firm Registration No. 301051E), V Singhi & Associates (Firm Registration No. 311017E), Statutory Auditors, were re-appointed as Statutory Auditor of the Company for a second term of 5 (five) consecutive years at the 67th Annual General Meeting of the Company held on 11th July, 2022 to hold office until the conclusion of the 72nd Annual General Meeting to be held in the year 2027.

The reports given by the Auditors on the Standalone Financial Statements of the Company for the financial year ended March 31, 2023 form part of this Annual Report and there is no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Reports. The Auditors of the Company have not reported any fraud in terms of the second proviso to Section 143(12) of the Act.

SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, the Company had appointed Shri Pravin Kumar, Company Secretary in whole time practice for conducting the Secretarial Audit of the Company for the financial year 2022-23. The Secretarial Audit Report, pursuant to Section 204(1) of the Companies Act, 2013, for the financial year ended 31st March, 2023 is given in 'Annexure IV' attached hereto and forms part of this report.

The Secretarial Audit report is self-explanatory and does not call for any further comments. The Secretarial Audit report does not contain any qualification, reservation, adverse remark or disclaimer given by the Auditors in the Reports. The Auditors of the Company have not reported any fraud in terms of the second proviso to Section 143(12) of the Act.

COST AUDIT

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

The Board of Directors have, on the recommendation of the Audit Committee, appointed, M/s SKP & Associates, Cost Accountants (ICWAI Registration no. 000040), as Cost Auditors of the Company, to carry out cost audit of the products manufactured by the Company for the year 2023-24. The Company has received their written consent that the appointment is in accordance with the applicable provisions of the Companies Act, 2013 and rules framed

thereunder. They have also confirmed that they are not disqualified to be appointed as Cost Auditors of the Company for the year 2023-24.

The remuneration of the Cost Auditor has been approved by the Board of Directors on the recommendation of Audit Committee. As required under the Companies Act, 2013, In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is required to be placed before the members in a general meeting for their ratification. Accordingly, necessary resolution is proposed for ratification for the remuneration payable to M/s SKP & Associates, Cost Auditors in the Notice convening the 68th Annual General Meeting.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In compliance with Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") as amended from time to time, a sum of Rs. 1,45,77,280/- has been deposited on 10.05.2023 into the specified bank account of the IEPF, Government of India, towards the amount of interim dividend for the financial year 2015-2016 which was unclaimed / unpaid for a period of seven years.

CHANGE IN THE NATURE OF BUSINESS

No change has been made in nature of business carried out by the Company during the financial year 2022-23.

MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

No material Changes or commitments, affecting the financial position of the Company have occurred between

the end of the financial year of the Company, to which the financial statements relate i.e. 31st March, 2023 and date of Board's Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(9m) of the Companies Act, 2013, read with Rule 8 of The Companies (Accounts) Rules 2014 is given in 'Annexure V' attached hereto and forms part of this report.

COMPLIANCE WITH SECRETARIAL STANDARDS

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

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges and the stakeholders for their continued co-operation and support to the Company.

Your Directors also wish to record their appreciation for the continued co-operation, support and commitment received from the employees of the Company at all levels amidst challenging times and look forward to their support in the future as well.

For and on behalf of the Board of Directors

Pradip Kumar Daga
Chairman cum Managing Director
DIN : 00040692

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

Sujit Chakravorti
Director
DIN : 00066344

Anand Prasad Agarwalla
Director
DIN : 00312652

Meera Dokania
Director
DIN : 07094376

G A Narayanan
Director
DIN : 09491346

Place: Kolkata
Date: 30.05.2023

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT, SEGMENT-WISE/ PRODUCT- WISE PERFORMANCE, OPPURTUNITIES & THREATS

Industrial Gears

The industrial gearbox market is predicted to be worth US\$ 30.08 billion in 2023, and rise to US\$ 47.16 billion by 2033. Demand is expected to increase at a CAGR of 4.6% during the projected period. Given that industrial gearboxes are used to control the speed and torque of production-related machinery and components, demand for these gearboxes is expected to rise as smart manufacturing becomes more common.

The adoption of smart manufacturing is anticipated to raise the sales of industrial gearboxes, which are a crucial component of the industrial automation process. As the robotics industry develops and new technologies become available, manufacturers are likely to expect higher profit margins. Due to this technology, industrial gearbox makers now have greater opportunities. With the ability to precisely control the movements of industrial robots, gearboxes can be made to provide more precise motion control for industrial processes. Governments of different nations have taken a number of steps to support the growth of the industrial gearbox sector. In order to do this, financial incentives must be provided for the use of energy-efficient technology, such as industrial gearboxes, as well as sector-specific research and development programs.

At present, the rising adoption of robotic machinery and escalating demand for controlling noise pollution across different industries represent one of the key factors catalyzing the installation of industrial gearboxes. Industrial gearboxes are widely employed in the joints of these robotic arms help control the speed and direction of movement. Apart from this, industrial gearboxes are utilized in power plants for performing vital functions, such as driving air preheaters, coal crushers, turbine drives, conveying systems, and cooling tower fans. This, coupled with the high precision ability of gearboxes, is creating a positive market outlook. Furthermore, the easy availability of multiple industrial gearbox variants, such as helical, planetary, bevel, spur, and worm, is fueling the growth of the market.

Automobile Gears

Gears have established themselves as a major component in automotive systems. Gears are found extensively in automotive differential systems, steering systems, and transmission systems. The global Automobile Gear market size was US\$ million in 2022 and is forecast to a readjusted size of US\$ million by 2029 with a CAGR of % during the forecast period 2023-2029. With the growing demand for auto-transmission systems and smoother gear-shift-ratio systems is expected to propel the market for gears in transmission systems towards a higher CAGR by 2025. Lightweight and highly durable aluminum and composite gears are estimated to gain higher popularity with their market, registering a significant growth in the coming years. An automobile gear can be described as a rotating object with teeth that, thanks to its ability to modify torque, speed, and source direction, transmits torque by meshing with another toothed machine element or gear. The use of gears in several auto systems is acknowledged as a crucial component of a vehicle system.

Commercial and passenger cars are the two main vehicle classes in the automobile gears industry. The business vehicle uses automotive equipment that can carry more than 15 people. A passenger car employs gears to transfer power from the crankshaft (the rotating axle that receives power from the engine) to the driveshaft, which subsequently powers the wheels. They may be created from both non-metallic and metallic gears, among other materials. The automobile gear market will see incredible development in the years to come, in response to the surging rate of vehicle manufacturing. Automobile gears will be more in demand as vehicle manufacturing rises since they improve product longevity and fuel economy. For instance, the Indian vehicle sector's (including component manufacturing) projected value by 2026 ranges between \$251.4 and \$282.8 billion, according to IBEF (India Brand Equity Foundation), an institution of the Indian Government that promotes exports. The rise of automobile gears is therefore fueled by an increase in vehicle manufacturing.

The construction sector has seen a growth in investments, which has been followed by a rise in disposable income, increasing the target market's purchasing power globally. The consumption of the worldwide automobile gear market is anticipated to increase between 2022 and 2030 as a result of these key variables. The market is expected to be driven

by the significant increase in demand for greater connection, vehicle functionality, and improved amenities. A higher level of globalization and a rise in the demand for high-quality gears as a result of increased global competition are also anticipated to foster an environment that is conducive to foreign direct investment, which is predicted to boost employment in the technology sector and fuel market growth over the forecast period, which runs through 2030.

OUTLOOK

Government investments in the expansion of the power-generating industry are driving the demand for the industrial gearbox. Application of industrial gearbox in sectors including agriculture machinery, transportation, and food processing are driving the global industrial gearbox sector growth.

- For power applications, manufacturers are concentrating on creating dependable and efficient gearboxes. Additionally, the market players stand to benefit financially from the rising demand for energy-efficient equipment. Industrial gearbox producers are concentrating on creating technologically improved gearboxes, which accelerate market expansion
- The food and beverage sector also impacts the global market. This is attributed to the technological developments in the industrial gearbox sector, such as the creation of smart gearboxes.
- The market is anticipated to increase as a result of the rising demand for industrial gearboxes for the automation of industrial processes. In developing countries like India, China, and Brazil, urbanization and industrialization are growing, and so is the adoption of industrial gearboxes. These nations' governments are making significant investments in the construction of their infrastructure, which increases the sales of industrial gearboxes.
- The automotive and aerospace industries' rising demand for specialized gearboxes is anticipated to fuel market growth. Also, in the coming years, the market is anticipated to rise due to the trend toward industrial automation and the creation of sophisticated gearboxes.

RISK AND CONCERNS

Risk management is an ongoing process that can help improve operation, prioritise resources, ensure regulatory compliance, achieve performance target, improve financial stability and ultimately prevent loss/damage to the entity. But business entities cannot be risk averse as profits in business without taking risk is highly unlikely. Risk management plays a key role in protecting the assets and resources and ensuring that risks are reduced to an acceptable level. The essence of the risk management is to reduce the risk to a reasonable and in manageable level on an ongoing basis. Risk management is a two step process – determining what risks exist and, then, handling those risks in ways best-suited to the objectives. The Company has risk management which inter alia provides for review of the risk assessment and mitigation procedure, laying down procedure to inform and report periodically to the Board of Directors and to ensure that the procedure is properly followed to mitigate the risks.

Energy is becoming one of the most prevailing topics to consider when we talk about the manufacturing industry, and so the situation is also impacting the industrial gear boxes market. On one hand, the energy crisis and increasing fuel and raw material prices in Europe are triggering stronger demand for geared products used in power generation and related sectors including mining and renewable energy. But on the other hand, energy conservation and emission reduction acts in countries across the world can serve to restrain the expansion of high energy-consuming, heavy industries in short-term at least, while the long-term requires product upgrades of gearboxes to help increase overall plant efficiencies. Price increases driven by rising energy and raw material costs have been the most obvious trend impacting the industrial (heavy-duty) gears market.

Factors that could hinder the growth of the industrial gearbox market in the future include restrictions on sales of petrol and diesel vehicles and the Russia-Ukraine war impact.

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.

A qualified and independent Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them.

FINANCIAL PERFORMANCE

- a) This has been covered in the Director's Report under the section on financial results and operations.
- b) Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios along with detailed explanations therefore –

Sl. No.	Ratio	31st March 2023	31st March 2022	% Change	Explanation for change by more than 25%
(1)	Debtors Turnover Ratio	3.98	4.30	-7.44%	
(2)	Inventory Turnover Ratio	9.40	7.21	30.37%	Revenue from Operations has increased in comparison to previous year.
(3)	Interest Coverage ratio	27.04	20.04	34.88%	Increase in EBITDA in comparison to previous year
(4)	Current ratio	2.90	2.44	18.85%	
(5)	Debt Equity ratio	0.02	0.05	-60.00%	Borrowings have been repaid during the year and no new debts have been raised.
(6)	Operating Profit Margin (%)	21.49%	20.52%	4.73%	
(7)	Net Profit Margin (%)	14.67%	13.11%	1.56%	
(8)	Return on Net Worth	0.23	0.21	9.52%	

HUMAN RESOURCE DEVELOPMENT / INDUSTRIAL RELATIONS

The Company has built its workforce with a diverse background of individuals - essential for the kind of organization what it is. The Company constantly endeavours to provide a platform where people have opportunities to actualize their maximum potential through work which helps to stretch their intellect. Continuous efforts are on for a work-culture which encourages innovation, transparency in communication, trust and amity. As on 31st March, 2023, there were 894 permanent employees on the rolls of the Company. The Company has been maintaining exceptionally good relations with its labour force and with the employee friendly approach being adopted by it, the industrial relations continue to remain cordial.

CAUTIONARY STATEMENT

There are certain Statements which have been made in the Management Discussion and Analysis Report describing the estimates, expectations or predictions, may be read as 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed or implied. The important factors that would make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in Government Policies, Governing Laws, Tax regimes, global economic developments and other factors such as labour negotiations. The Company does not assume responsibility for any of the forward-looking statements contained in this report as the same may be altered in future due to the subsequent development and events.

Extract From Nomination And Remuneration Policy

Objective and Purpose of the Policy:

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

Constitution of the Nomination and Remuneration Committee:

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

Definitions:

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

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

Applicability:

The Policy is applicable to Directors (Executive and Non-Executive), Key Managerial Personnel (KMP) and Senior Management Personnel

MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE**The Committee shall:**

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- For every appointment of independent director, the Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may
 - a) Use the services of an external agency, if required;
 - b) Consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) Consider the time commitments of the candidates.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy and recommend to the Board, their appointment and removal.
- Carry out the evaluation of performance of Directors.
- Recommend to the Board, a policy relating to remuneration for the directors, KMP and other employees and recommend to the Board, amendments to such policy as and when required.
- Recommend to the Board, all remuneration, in whatever form, payable to senior management.

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT**Guiding Principles**

- Remuneration policy and arrangements for Directors, KMPs and Senior Management Personnel, shall be determined by the Committee on the basis of Company's financial position, pay and employment conditions prevailing in peer companies or elsewhere in competitive market to ensure that the remuneration and the other terms of employment shall be competitive to ensure that the Company can attract, retain and motivate competent executives.
- Remuneration packages may be composed of fixed and incentive pay depending on short and long term performance objectives appropriate to the working of the Company.
- The Committee considers that a successful remuneration policy must ensure that a significant part of the remuneration package is linked to the achievement of corporate performance targets and a strong alignment of interest with stakeholders.
- **Appointment criteria and qualifications:**
 1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
 2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
 3. The Company may appoint or continue the employment of any person as Managing Director/Whole-time Director/ Manager who has attained the age of seventy years and the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special

resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

4. Every whole-time Key Managerial Personnel of the Company shall be appointed by means of a resolution of the Board containing the terms and conditions of the appointment, including the remuneration. Provided that the appointment of managing director/whole time director/ manager shall require approval of shareholders as per the provisions of the Companies Act, 2013.
 5. A whole time KMP shall not hold office in more than one company except in its subsidiary company, if any, at the same time. However, such KMP can be a director of any Company with the permission of the Board.
 6. The Managing Director or Manager of the Company may be the Managing Director or Manager of one and not of not more than one other Company and such appointment should be approved by a resolution passed at a meeting of the Board with the consent of all the directors present at the meeting and of which meeting, and of the resolution to be moved thereat, specific notice has been given to all the directors then in India.
- **Term / Tenure:**
 1. **Managing Director/Whole-time Director** – The Company shall appoint or re-appoint any person as its Managing Director or Whole Time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
 2. **Independent Director** – An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. - No Independent Director shall hold office for more than two consecutive terms,
 3. **Key Managerial Personnel (KMP)** – If the office of any whole time KMP is vacated, the resulting vacancy shall be filled up by the Board at a meeting of the Board within a period of six months from the date of such vacancy.
 - **Evaluation:**

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

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

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

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

1. The remuneration / compensation / commission etc. to the Directors will be determined by the Committee. It shall be fixed as per the statutory provisions of the Companies Act, 2013 and the rules made there under for the time being in force and in accordance with and subject to the relevant provisions of the Articles of Association of the Company. The Committee shall recommend the remuneration / compensation / commission etc. to be paid to the Directors to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
2. Increments to the existing remuneration / compensation structure of the Directors may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of managerial person

3. The Non-Executive / Independent Directors may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.
4. Commission to Non-executive Directors may be paid within the monetary limit approved by shareholders, as per the applicable provisions of the Companies Act, 2013.
5. The remuneration / compensation / commission etc. to the KMP and Senior Management Personnel will be determined based on the Company's financial position, trends and practices on remuneration prevailing in peer companies, in the industry to which the company belongs and performance of such KMP and Senior Management Personnel
6. Where any insurance is taken by the Company on behalf of its Whole-time Director, Managing Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.
7. An Independent Director shall not be entitled to any stock option of the Company.

Annexure - II

DETAILS PERTAINING TO REMUNERATIONAS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

1. The ratio of the remuneration of each Director, to the median remuneration of the employees of the Company for the financial year 2022-23:

Name of the Director	Designation	Remuneration (Amount in Rs. Lacs)	Ratio of remuneration of each Director to median remuneration of employees
Shri Pradip Kumar Daga	Chairman cum Managing Director	–	–
Shri Yashwant Kumar Daga	Vice Chairman Cum Joint Managing Director	210.00	124.11
Shri Anand Prasad Agarwalla	Independent, Non-Executive	6.05	3.58
Shri Sujit Chakravorti	Independent, Non-Executive	4.95	2.93
Shri G. A. Narayanan	Independent, Non-Executive	5.10	3.01
Smt. Meera Dokania	Non-Independent, Non-Executive	5.30	3.13

Note: a) Shri Pradip Kumar Daga, Chairman cum Managing Director does not receive any remuneration from the Company.

2. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year 2022-23:

Name	Designation	% Increase in remuneration
Shri Pradip Kumar Daga	Chairman cum Managing Director	–
Shri Yashwant Kumar Daga	Vice Chairman Cum Joint Managing Director	34.03%
Shri Maneesh Khanna	Chief Financial Officer	126.17%
Ms. Nikita Puria*	Company Secretary & Compliance Officer	–

* Ms. Nikita Puria was appointed as Company Secretary & Compliance Officer, w.e.f. Sept 16, 2022 i.e. during the financial year 2022-23, hence, percentage increase is not applicable.

The Independent Directors & Non-Executive Director of the Company are entitled to sitting fee and commission on Net Profits as per statutory provisions of the Companies Act, 2013, details of which have been provided in the Corporate Governance Report. The ratio of remuneration and percentage increase for the same is, therefore, not considered for the purpose above.

3. The percentage increase in the median remuneration of employees in the financial year 2022-23: 3.49%
4. The number of permanent employees on the rolls of the Company as on March 31, 2023: 894
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2022-23 was about 0.30% whereas the increase in the managerial remuneration for the same financial year was 1.37%
6. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Annexure - III**Annual Report on Corporate Social Responsibility Activities****1. Brief outline on CSR Policy of the Company:**

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

2. Composition of the CSR Committee:

Sr. No.	Name of the Director	Designation	Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Shri Pradip Kumar Daga	Chairman	Executive Non-Independent Director	2	2
2.	Shri Yashwant Kumar Daga	Member	Executive Non-Independent Director		2
3.	Shari Anand Prasad Agarwalla	Member	Non-Executive Independent Director		2
4.	Shri Sujit Chakravorti	Member	Non-Executive Independent Director		1

3. The web-link where Composition of CSR committee, CSR Policy approved by the board are disclosed on the website of the Company:

CSR policy – <https://www.dil-india.com/policies>

Composition of CSR Committee – <https://www.dil-india.com/corporate-social-responsibility>

CSR Projects – <https://www.dil-india.com/corporate-social-responsibility>

4. The executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable.

Details of the amount available for set off in pursuance of sub-rules (3) of rule 7 of the companies (corporate social responsibility policy) Rules, 2014, and amount required for set off for the financial year, if any;

5.	(a)	Average net profit of the company as per sub-section (5) of section 135	Rs. 8037.5 lakhs
	(b)	Two percent of average net profit of the company as per sub-section (5) of section 135.	Rs. 160.75 lakhs
	(c)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.	Nil
	(d)	Amount required to be set-off for the financial year, if any.	Nil
	(e)	Total CSR obligation for the financial year [(b)+(c)-(d)].	Rs. 160.75 lakhs

6.	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).	Rs. 163.18 lakhs
	(b)	Amount spent in Administrative Overheads.	Nil
	(c)	Amount spent on Impact Assessment, if applicable.	Not Applicable
	(d)	Total amount spent for the Financial Year [(a)+(b)+(c)].	Rs. 163.18 lakhs

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount (in Rs.)	Date of transfer
Rs. 163.18 lakhs	Not Applicable		Not Applicable		

(f) Excess amount for set off, if any

SI No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	Rs. 160.75 lakhs
(ii)	Total amount spent for the Financial Year	Rs. 163.18 lakhs
(iii)	Excess amount spent for the Financial Year [(ii) – (i)]	Rs. 2.43 lakhs
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii) – (iv)]	Rs. 2.43 lakhs

7. Details of unspent Corporate Social Responsibility amount for the preceding three financial years :

1	2	3	4	5	6		7	8
SI No.	Preceding Financial year(s)	Amount transferred to Unspent CSR Account under section 135(6)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (Rs. In Lakhs)	Amount spent in the Financial Year (in Rs.)	Amount transferred to a fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of transfer		
1	2019-20	Nil	Nil	Nil	-	-	-	-
2	2020-21	Rs. 25.50 Lakhs	Rs. 25.50 Lakhs	Rs. 25.50 Lakhs	-	-	-	-
3	2021-22	Nil	Nil	Nil	-	-	-	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135- Not Applicable

Date : 26.05.2023
Place : Kolkata

Pradip Kumar Daga
(Chairman CSR Committee)
DIN : 00040692

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

Annexure - IV**Form No. MR - 3****SECRETARIAL AUDIT REPORT****for the financial year ended 31st day of March, 2023***[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]***The Members,****DEEPAK INDUSTRIES LTD,****16, HARE STREET,****Kolkata-700001**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DEEPAK INDUSTRIES LTD** (CIN: **L63022WB1954PLC021638**) (hereinafter called "the Company"). The Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of books, papers, minute books, forms and returns filed and other records maintained by the **DEEPAK INDUSTRIES LTD** and also the information provided by the Company, its officers, and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion the Company has, during the audit period covering the financial year ended 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board - processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2023 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- III. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and other regulations as applicable and circulars/ guidelines issued thereunder.
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External commercial borrowing;
- V. The following Regulations (as amended from time to time) and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended till date;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company for the financial year ended 31-03-2023, as the Company has not undertaken any activities under the said Regulations and Laws: -

- (a) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; as amended till date;
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (e) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (f) The Securities and Exchange Board of India (Issue and listing of Non-Convertible Securities) Regulations, 2021.

VI. The following Industry Specific laws applicable to the Company as per management perception:

- a. The Factories Act, 1948
- b. The Payment of Wages Act, 1936
- c. The Minimum Wages Act, 1948
- d. Employee State Insurance Act, 1948
- e. The Employees Provident Fund and Miscellaneous Provisions Act, 1952
- f. The Payment of Bonus Act, 1965
- g. The Payment of Gratuity Act, 1972
- h. The Income Tax Act, 1961
- i. Negotiable Instruments Act, 1881
- j. Profession tax Act
- k. The Water (Prevention and Control of Pollution) Act, 1974
- l. The Air (Prevention and Control of Pollution) Act, 1981.

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

- (i) Provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (ii) Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India in respect of holding of Board Meeting and Member's meeting,

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

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes that took place during the year under review in the composition of the Board of Directors were carried out in compliance with the provisions of the Act.

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

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines as also represented by the management. **All decisions of the Board were unanimous and the same was captured and recorded as part of the Minutes.** I further report that during the audit period, the Company has not made any:

- (i) Public/Right/ Preferential issue of Shares/Debentures/Sweat Equity or any other Security.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to section 180 of the Companies Act, 2013.
- (iv) Merger /Amalgamation/Reconstruction etc.
- (v) Foreign technical collaborations.

For Pravin Kumer Drolia
(Company Secretary in whole time practice)

Pravin Kumar Drolia
Proprietor

FCS: 2366, CP 1362

Peer view registration: 1928/2022

UDIN: F002366E000383087

Place: Kolkata
Date: 30-05-2023

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure - A**SECRETARIAL AUDIT REPORT****for the financial year ended 31st day of March, 2023**

**The Members,
DEEPAK INDUSTRIES LTD
16, HARE STREET,
Kolkata-700001**

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express as opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required. I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to verification of procedures on test basis. The secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Pravin Kumr Drolia
(Company Secretary in whole time practice)

Pravin Kumar Drolia
Proprietor

FCS: 2366, CP 1362

Peer view registration: 1928/2022

UDIN: F002366E000383087

Place: Kolkata

Date: 30-05-2023

Annexure - V

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, PURSUANT TO SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014.

(A) Conservation of Energy

i) Step Taken or Impact on Conservation of Energy during the year 2022-23

New Allenberry Works, Kolkata

1. Continuously using smaller capacity Air Compressor in the night shift and in some working Sunday to save electrical power.
2. Maintained power factor (PF) almost at unity which reduces active power consumption and hence Maximum Demand.
3. All departments are advised to set room AC Temperature between 24-25 degree Celsius to control electrical power consumption.
4. Action taken to replace normal fluorescent lamp (40 watts) by 20 watt LED lamp and 60 or 100 watt normal bulb by 10 watt LED lamps.

New Allenberry Works, Faridabad

1. Maintained near Unity power factor of Electricity Board power supply.
2. Minimize the air leakage in shop floor by continuous monitoring and rectification of air leakages.
3. Provided Energy saving automatic mechanical type moisture drain valves in compressed air line - 10 nos.
4. Provided LED Tube lights (2 X 18 watt) - 55 nos. in place of T-5 (2 X 28 watt) light fittings.
5. Provided LED Overhead lights -70 ~ 80 Watt - 60 nos. in place of 250 Watt Metalhalide lights.
6. Provided LED Panel lights 30 Watt - 40 nos. in place of 96 Watt (24 Wx 04 nos.) T-5 lights.
7. Provided 5-Star rating, inverter type air conditioners in place of 3-Star rating air conditioners in Admn. Block 1st floor, Final Inspection, UPS Room & Shaving cutter grinder Room - 05 nos.
8. Provided Energy saving blow gun nozzles -20 Nos.
9. Provided IE-3 Induction motors of 1.5 KW -1 No. on Face grinding machine, M/c. No. 21062
10. Provided oil spinning system on Hobbing and Shaving machines -25 nos. for oil saving.

New Allenberry Works, Rudrapur

1. Maintained Unity power factor of Electricity Board power supply.
2. Provided 30 nos of LED Lights 100 watts, against 250 watts HPMV lamps in machine shop.
3. Provided 05 nos of LED Street Lights 80 watts, against 250 watts HPSV lamps.
4. Provided 15 nos of LED Tube lights 20 watts, against 40 watts tube lights in various location in plant.
5. Provided 40 watt LED Lights lights -10 no's for QA & Rolling section.
6. Modified pneumatic supply line in QA Inspection area. Close loop 1/2" GI pipeline provided against pneumatic pipes.
7. Minimize the air leakage in shop floor by continuous monitoring and rectification of air leakages.
8. Provided small power pack in milling machine, 120 ltr (1.5kw Motor) hydraulic power pack replaced by 30 litre (0.5 kw motor) power pack.
9. Modified Pneumatics supply line in Machine Shop. Close loop 1/2" GI pipeline provided in different branches.

New Allenberry Works, Baghola

1. Maintained near Unity power factor of Electricity Board power supply.

2. Provided Energy efficient Screw air compressor 292 CFM having 45 KW, IE-4 Induction motor.
3. Provided 40 Watt LED Lights - 40 nos. for Inspection table, outer periphery.
4. Provided 04 nos. oil spinning system with -1HP, IE-3 Motors on Hobbing and grinding machines.
5. Provided 100 Watt over head LED Lights - 40 nos.
6. Al. alloy pneumatic pipe line for Air compressor area and CNC Grinding cell.
7. Minimize the air leakage in shop floor by continuous monitoring and rectification of air leakages.

ii) Steps taken for utilizing alternate sources of energy

New Allenberry Works, Kolkata

Installed Eco Ventilation system in Helical Assembly section to purify Shop atmosphere without using electrical exhaust fans.

iii) Capital Investment on Energy Conservation Equipment

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

(B) Technology absorption

i) Efforts Made Towards Technology Absorption

The Company had introduced following technologies in last few years to improve the product quality & productivity with reduction in operator fatigue & consumable cost –

Production side:

1. CNC Gear Hobbing Machine with Automation
2. CNC Gear Shaping Machine with Automation
3. CNC Vertical Milling Center
4. CNC Drill Tap Center
5. CNC Gear Tooth Rounding
6. CNC Duck Chamfering with Automation
7. NC Gear Tooth Edge Chamfering
8. CNC Gear Shaving with Automation
9. NC Swaging
10. Hydro-Pneumatic Press
11. Dot Pin Marking
12. Laser Marking
13. SQF PNG heated with Allied Equipment
14. Endo Gas Generator PNG heated
15. CGCF with Robots Automation for Press Quench part
16. Hanger Type Shot blasting
17. Auto Straitening of Shafts
18. Shot Peening
19. CNC Bore Grinder
20. CNC Lath for Hard Part Tuning
21. CNC Face Grinder
22. CNC Cylindrical Grinder
23. CNC Gear Tooth Grinder

Quality Equipment & Production machines Adds On

1. CNC Gear Tester
2. CNC Co-ordinate Measuring Machine
3. CNC Roundness Tester
4. CNC Shaft Scan
5. CNC Contour Tester
6. CNC Roughness Tester
7. NC Profile Projector
8. Electronic Display Unit with Compressed Air Saving
9. NC Multi Gauging Equipment
10. Introduce IPG with Interlock to Minimize Rejection
11. Introduce PPG with Interlock to Minimize Rejection

Packaging

1. NC Component Washer
2. Battery Operated Pet Strapping

Service Support

1. CNC HOB Re-sharpener
2. CNC Shaving Cutter Re-sharpener
3. EDM
4. Universal Grinder

Utilities

1. Chip Compactor
2. Energy Efficient Bin Washer
3. Oil Spinner for cutting oil conservation

ii) Benefits derived like product improvement, cost reduction, product development or import substitution;

1. Automation in Process
2. Elimination of operator skill dependency
3. Multiple machining operations in one setup
4. Utilizing Latest technology for cycle time reduction
5. Quality Assurance
6. Energy efficient and technology up gradation
7. Reduce wastage
8. Enhancement of plant capacity at available floor space

iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

The details of technology imported	<ul style="list-style-type: none"> • 1 NO. INVOLUTE LEAD & PITCH MEASURING INSTRUMENT MODEL: CLP-35DDSF, MAKE: OSAKA • 1 NO. USED CNC GEAR HOBGING MACHINE MODEL: LC 150 MAKE: LIEBHERR SL NO.711953 	<ul style="list-style-type: none"> • 1 NO. USED SECOND HAND CNC GEAR HOBGING MACHINE MODEL: 200GP MAKE: GLEASON • 1 NO. USED SECOND HAND CNC GEAR HOBGING MACHINE MODEL: 200GP MAKE: GLEASON
------------------------------------	--	--

	<ul style="list-style-type: none"> • 1 NO. USED CNC GEAR HOBGING MACHINE MODEL: LC 120 MAKE: LIEBHERR SL NO.711925 • 1 NO. USED CNC GEAR HOBGING MACHINE MODEL: LC 120 MAKE: LIEBHERR SL NO.711957 • 1 NO. USED CNC GEAR HOBGING MACHINE MODEL: LC 120 MAKE: LIEBHERR SL NO.711954 	<ul style="list-style-type: none"> • 1 NO. CNC GEAR GRINDING MACHINE MODEL-RZ260
The year of import	2022-23	2021-22
Whether the technology been fully absorbed	Yes	Yes
If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	N.A.	N.A.

iv) Expenditure incurred on Research & Development

Nothing substantial

(C) Foreign Exchange Earning and Outgo

The Foreign Exchange earned in terms of actual inflows during the year and Foreign Exchange outgo during the year in terms of actual outflows.

	Amount (Rs.)
Foreign Exchange earned (inflow)	7,66,05,011/-
Foreign Exchange used (outflow)	12,97,49,223/-

REPORT ON THE CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31st MARCH, 2023

Pursuant to part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 "Listing Regulation

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company strongly believes that establishing good corporate governance practices in each and every function of the organization leads to increased operational efficiencies and sustained long term value creation for all stakeholders. The Company carries its business operations in a fair, transparent and ethical manner and also holds itself accountable and responsible to the society it belongs. The Company considers it absolutely essential to abide by the applicable laws and regulations in letter and spirit and is committed to the highest standards of corporate governance and be considered as a good corporate citizen of the Country.

2. BOARD OF DIRECTORS

a) Composition of Board of Directors

The Company has a balanced mix of Executive and Non-Executive Independent Directors and half of the Board consists of Independent Directors. As on 31 March 2023, the Board consisted of 6 (Six) Directors, out of which 2 (Two) Directors were Executive, 3 (Three) were Non-Executive Independent Directors and 1 (One) was Non-Executive Non-Independent Woman Director. The composition of the Board is in conformity with Listing Regulations.

Further, the designation of Smt. Meera Dokania (Din: 07094376) was changed from Non-Executive Independent Director to Non-Executive Non- Independent Director on 23rd May, 2022. The designation of Shri Ganapathy Ananth Narayanan was changed from Additional Director (in the category of Non-Executive Independent Director) to Non-Executive Independent Director on 7th April, 2022.

The information with regard to composition and attendance of Board of Directors in Board Meetings and the last Annual General Meeting, outside Directorships and other Memberships of Board Committees as on 31st March 2023 as applicable is given hereunder –

Name of the Directors and DIN	Category	No. of Board Meetings attended	Attendance at the last AGM on 08.08.2022	* No. of Directorships in other Indian Public Companies	**Committee(s) positions in other Companies		Names of other listed company where Directorship held and kind of Directorship
					As Member	As Chairman	
Shri Pradip Kumar Daga (Chairman and Managing Director) (Din: 00040692)	Promoter/ Executive	4	No	2	1	Nil	1. Longview Tea Co. Ltd (Promoter/Non-Executive) 2. Deepak Spinners Ltd. (Chairman and Managing Director)
Shri Yashwant Kumar Daga, Vice-Chairman- cum- Joint Managing Director (Din: 00040632)	Promoter/ Executive	6	Yes	5	8	1	1. HGI Industries Ltd (Non-Executive Independent Director) 2. Mint Investments Ltd (Non-Executive Independent Director) 3. Deepak Spinners Ltd (Vice-Chairman & Joint Managing Director) 4. Longview Tea Co. Ltd. (Promoter/ Non – Executive) 5. Magadh Sugar & Energy Ltd. (Non-Executive Independent Director)

Name of the Directors and DIN	Category	No. of Board Meetings attended	Attendance at the last AGM on 08.08.2022	* No. of Directorships in other Indian Public Companies	**Committee(s) positions in other Companies		Names of other listed company where Directorship held and kind of Directorship
					As Member	As Chairman	
Shri Sujit Chakravorti (Din:00066344)	Non- Executive Independent	5	No	4	Nil	4	1.Duroply Industries Limited (Non-Executive Independent Director) 2. WEBFIL Limited (Non-Executive Independent Director)
Shri Anand Prasad Agarwalla (Din:00312652)	Non- Executive Independent	6	Yes	1	1	1	1.Deepak Spinners Limited (Non-Executive Independent Director)
Shri Ganapathy Anantha Narayanan (Din-09491346)	Non- Executive Independent	5	Yes	Nil	Nil	Nil	Nil
Smt. Meera Dokania (Din:07094376)	Non- Executive Independent	6	No	Nil	Nil	Nil	Nil

* Excludes Directorships in Private Limited Companies, Foreign Companies and Section 8 Companies.

** Committee positions only of the Audit Committee and Stakeholders Relationship Committee have been considered.

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

None of the Directors on the Board is a member of more than 10 committees and / or chairperson of more than 5 committees, reckoned in terms of Regulation 26 of the Listing Regulations. The Chairman cum Managing Director does not serve as Independent Director in any listed company. The Directors of the Company are in compliance with the requirements of the Listing Regulations and the Companies Act, 2013 (as amended) (the "Act") with regard to the maximum number of directorships.

The Independent Directors of the Company have declared that they meet the criteria for "independence" and / or "eligibility" as prescribed under amended Regulation 16(1)(b) of the Listing Regulations and Section 149 of the Act and have given necessary confirmations in terms of Regulation 25(8) of the Listing Regulations. Based on the said declarations and confirmations received from the Independent Directors, the Board confirms the same.

The Company is in compliance with the provisions regarding Board, its composition and committees under the Act and the Listing Regulations including Regulation 17(1) thereof.

All the Independent Directors except Shri Sujit Chakravorti are below the age of seventy five years. All the Independent Directors have been issued letters of appointment as per Schedule IV to the Companies Act, 2013. As required under Regulation 46 of the Listing Regulations, the terms and conditions of their appointment have been disclosed on the website of the Company at the link <https://www.dil-india.com/disclosures>.

b) Board Meetings held during the year

During the financial year ended 31st March 2023, Six (6) meetings of the Board of Directors were held on 23.05.2022, 11.08.2022, 16.09.2022, 27.09.2022, 11.11.2022, 13.02.2023.

The maximum gap between any two consecutive Board Meetings was less than 120 days. Necessary quorum was present for all the Board meetings. The dates for the Board Meetings are decided well in advance and communicated to the Directors. All material information was circulated to the Directors in advance and as per statutory timelines or placed at the meeting.

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

In addition to the information required to be made available to the Board as prescribed under Part A of Schedule II of Regulation 17(7) of the Listing Regulations, the Directors are also kept informed of the major events and approvals obtained, if necessary.

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

c) Relationships between Directors inter se

Shri Yashwant Kumar Daga, Vice Chairman cum Joint Managing Director is son of Shri Pradip Kumar Daga, Chairman cum Managing Director. No other Directors are related to each other.

d) Shareholdings of Non- Executive Directors in the Company as on 31st March 2023

As on March 31, 2023, none of the Non-Executive Directors of the Company held any equity shares of the Company.

e) Familiarisation Programmes for Independent Directors

The Company has familiarisation programmes, for Independent Directors with regard to their roles, rights, responsibilities in the Company, about the Company, its product, the industry, legal environment and business model of the Company, etc. In addition, the Independent Directors are briefed on the regulatory changes and their specific responsibilities and duties that may arise from time to time. The details of familiarisation programmes is available on the website of the Company at web-link: <https://www.dil-india.com/familiarization-programmes>

f) Code of conduct

The Company has adopted Code of Conduct for Directors and Senior Management Personnel of the Company, which is available on the Company's website. The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review. The declaration by Shri Yashwant Kumar Daga, Vice-Chairman cum Joint Managing Director of the Company in this regard is given as 'Annexure A' to this report.

g) Independent's Director Meeting

Pursuant to the Schedule IV of the Companies Act, 2013 and Regulation 25 of the Listing Regulations, a separate meeting of the Independent Directors was held on 25th March 2023 without the attendance of non-independent Directors and members of the management to –

- Review the performance of Non-Independent Directors and the Board of Directors as a whole
- Review the performance of the Chairperson of the Company taking into account, the views of other Non-independent Directors
- Assess the quality, content and timeliness of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors attended the said meeting and Shri Anand Prasad Agarwalla chaired the meeting.

h) Skills/ expertise/competencies of the Board

The Company requires skill in the engineering for the gear transmission equipment's for manufacturing of various types of gears required in Steel. Power, Sugar, Cement and Other heavy engineering units and automobile gears and solar power generation followed by Marketing, Legal and Administration and all of these skills are available to the Board through the five experienced members of the Board.

Skills / expertise / competencies	Description	Availability	Names of the directors who have such skills
Strategy and planning	<ul style="list-style-type: none"> - Ability to think strategically, - identify and assess opportunities and threats - Develop strategies in the context of the company's objectives, policies and priorities 	Yes	All the directors except Meera Dokania
Policy Development	<ul style="list-style-type: none"> - Ability to identify key issues and opportunities for the Company and - develop policies to guide operations of the Company 	Yes	All the directors except Meera Dokania
Governance, Risk and Compliance	<ul style="list-style-type: none"> - Experience in the application of corporate governance principles in a Company, - Ability to identify key risks to the Company in different areas including legal and regulatory compliance 	Yes	All the directors except Meera Dokania
Financial Performance	<ul style="list-style-type: none"> - Qualifications and experience in accounting and/or finance and - the ability to analyze key financial statements, critically assess financial viability and performance - ability to contribute to strategic financial planning 	Yes	All the directors
Government Relations (policy & process)	<ul style="list-style-type: none"> - Experience in managing government relations and industry advocacy strategies 	Yes	All the directors
Commercial Experience	<ul style="list-style-type: none"> - A broad range of commercial / business experience, preferably in the small to medium enterprise context, in areas including communications, marketing, business systems, practices and improvement. 	Yes	All the directors
Marketing and communications	<ul style="list-style-type: none"> - Experience in and thorough understanding of communication with industry groups and end users. 	Yes	All the directors except Meera Dokania

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

The Company has received declarations from the Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Act read with Regulation 16(1)(b) of the Listing Regulations. In terms of Regulation 25(8) of the Listing Regulations, the Independent Directors have confirmed that they are not aware of any circumstances or situations which exist or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

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

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

j) None of the Independent Director has resigned before expiry of their tenure except that the designation of Smt. Meera Dokania was changed from Non-Executive Independent Director to Non-Executive Non Independent Director w.e.f. 23.05.2022 on her request.

3. AUDIT COMMITTEE

The Board has constituted a qualified and independent Audit Committee that acts as a link between the management, the Statutory and Internal Auditors and the Board.

a) Terms of Reference

The terms of reference of the Audit Committee are in conformity with the requirements of Regulation 18 of the Listing Regulations and Section 177 of the Act. Terms of reference of the Audit Committee include overseeing the financial reporting process, review of financial statements, review of internal audit reports, recommending appointment and remuneration of auditors to the Board, review and monitor the auditors' independence, performance and effectiveness of audit process, review of adequacy of internal control systems and internal audit function, review of functioning of the whistle blower mechanism, review of related party transactions and other matters specified under the Listing Regulations and the Act. The Audit Committee also reviews information as per the requirement of Part C of Schedule II to the Listing Regulations.

b) Composition, Meetings and Attendance During the Year

The composition of the Audit Committee is in accordance with the provisions of the Act and Regulation 18 of the Listing Regulations.

As on 31 March, 2023, the Audit Committee comprised of 3 (three) Directors. Out of the three Directors, two are Non-Executive Independent Directors. All the members of the Audit Committee are financially literate. The Company Secretary acts as the Secretary to the Committee. All the recommendations made by the Audit Committee during the year were accepted by the Board.

At least one meeting of the Audit Committee was held in every quarter of the financial year ended March 31, 2023 and the time gap between any two consecutive meetings of the Audit Committee did not exceed 120 days. During the year, 4 (four) meetings of the Audit Committee were held on 23.05.2022, 11.08.2022, 10.11.2022 and 13.02.2023.

The composition and attendance of the members of the Audit Committee are as follows: below:

Names of the Directors	Position Held	Category	No. of Meetings attended
Shri Anand Prasad Agarwalla	Chairman	Independent, Non-Executive	4
Shri Yashwant Kumar Daga	Member	Executive Non-Independent	4
Smt. Meera Dokania*	Member	Non-Independent, Non-Executive	1
Shri Ganapathy Anantha Narayanan#	Member	Independent, Non-Executive	3

* Smt. Meera Dokania resigned from the membership of Audit Committee w.e.f. 23.05.2022

Appointed as a member w.e.f. 23.05.2022

The Chairman of the Audit Committee was present at the 67th AGM of the Company to answer the relevant queries of the shareholders.

4. NOMINATION AND REMUNERATION COMMITTEE

The Board constituted a Nomination and Remuneration Committee in terms of the requirements of Section 178 of the Act and Rules framed thereunder read with Regulation 19 of the Listing Regulations.

a) Terms of Reference

The terms of reference of the Nomination and Remuneration Committee covers all the areas mentioned under Section 178 of the Act and Regulation 19 of the Listing Regulations. The broad terms of reference of the Committee include:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- To recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees of the Company;
- To identify persons who are qualified to become directors and who may be appointed in the senior management;
- To specify the manner for effective evaluation of performance of the Board, its committees and individual directors and to review its implementation and compliance;
- To recommend on extension or continuation of term of appointment of the Independent Directors;
- To recommend to the Board, all remuneration, in whatever form, payable to the senior management

b) Composition, Meetings and Attendance During the Year

As on 31 March, 2023, the Nomination and Remuneration Committee comprised of 3 (three) Non-executive Directors, 2 (two) of whom are Independent Directors. The Chairman is a Non-executive and Independent Director. The Company Secretary acts as the Secretary to the Committee.

During the year, 2 (two) meetings of the Nomination and Remuneration Committee were held on 23.05.2022 and 16.09.2022. The details of the composition, meetings and attendance of the members of the Nomination and Remuneration Committee are as follows:

Names of the Directors	Position Held	Category	No. of Meetings attended
Shri Anand Prasad Agarwalla	Chairman	Independent, Non-Executive	2
Shri Sujit Chakravorti	Member	Independent, Non-Executive	2
Smt. Meera Dokania*	Member	Non-Independent, Non-Executive	2

* designation changed from Non-Executive Independent to Non-Executive Non-Independent w.e.f. 23.05.2022

The Chairman of the Nomination and Remuneration Committee was present at the 67th AGM of the Company to answer the relevant queries of the shareholders.

c) Details of remuneration paid/payable to Managing Director and other directors for the year ended 31st March, 2023

The Executive Vice-Chairman-cum-Joint Managing Director is paid remuneration approved by the Board and shareholders and other Non-Executive Directors are paid sitting fees for attending the meetings of the Board and Committee and also commission approved by the Board of Directors from time to time.

Name of Director	Salary (included in employee benefits expenses) Amount (Rs. in lakhs)	
Yashwant Kumar Daga, (Vice-Chairman-cum-Joint Managing Director)	210.00	Executive Compensation consists of fixed salary; no variable payment is made to the Director. The current contract is for a period of five years with effect from 15/11/2019 to 14/11/2024. The notice period is three months. No stock option has been issued
	Sitting Fees (Rs.)	Commission (for FY 2022-23 payable/paid in FY 2023-24) Rs.
	Board Meeting & others committees meetings (for F.Y. 2022-23)	
Smt. Meera Dokania	1,80,000	3,50,000
Shri Anand Prasad Agarwalla	2,55,000	3,50,000
Shri Sujit Chakravorti	1,45,000	3,50,000
Shri Ganapathy Anantha Narayanan	1,60,000	3,50,000

- The Company pays sitting fees of Rs. 20,000/- per meeting to the Non-Executive Directors for attending the meetings of the Board and Rs. 15,000/- per meeting for attending the meetings of the Committees of the Board and Commission on net profits of the Company as recommended by the Nomination and Remuneration Committee and approved by the Board.
- No stock option is available to any of the Directors.
- The service contract of the Executive Director is initially for five years and notice period is three months without any severance fees except the retirement benefits as may be determined by the Board at the time of retirement. There is only fixed components of the salary for Executive Directors.
- None of the Non-Executive Directors has any material financial interest in the Company apart from payment of sitting fees to them for attending the Board and Committee meetings and commission as approved by members and Board. During the year the Company has paid Rs 68,000/- as professional fees to Shri Anand Prasad Agarwalla, Advocate, Director of the Company and Rs. 11,000/- to his son Shri Niraj Agarwalla, Advocate. The payments to them were at arm's length price and in the ordinary course of business. Other than this, the Company has no pecuniary relationship of transaction with its Non -Executive & Independent Directors other than payment of sitting fees to them for attending Board Meetings & Committee Meetings.

d) Performance Evaluation Criteria for Independent Directors

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

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

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee (SRC) of the Board, headed by Smt. Meera Dokania (Non-Executive Director), considers and resolves grievances of the security holders of the Company. The Committee also reviews the measures taken for effective exercise of voting rights by shareholders, adherence to the service standards adopted by the Company in relation to various services rendered by the Registrar & Share Transfer Agent, etc. The roles and responsibilities of the Stakeholders Relationship Committee are as prescribed under Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

During the financial year 1 (one) meeting of the SRC Committee was held on February 13, 2023. The details of the composition, meetings and attendance of the members of the SRC Committee are as follows:

Names of the Directors	Position Held	Category	No. of Meetings attended
Smt. Meera Dokania*	Chairman	Non-Independent, Non-Executive	1
Shri Sujit Chakravorti	Member	Independent, Non-Executive	0
Shri Anand Prasad Agarwalla	Member	Independent, Non-Executive	1

* designation changed from Non-Executive Independent to Non-Executive Non-Independent w.e.f. 23.05.2022.

Due to pre-occupation, the Chairman of the Stakeholders Relationship Committee could not attend the 67th AGM of the Company and authorised Shri Anand Prasad Agarwalla, member of the Committee to attend the meeting on her behalf and to answer the relevant queries of the shareholders.

The Company Secretary acts as the Secretary to the Committee.

Ms. Nikita Puria, Company Secretary is designated as the Compliance Officer by the Board w.e.f. September 16, 2022.

During the financial year ended 31st March 2023, Nil complaints were received. As on 31.03.2023, pendency of complaints was Nil.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Committee oversees Corporate Social Responsibility (CSR) and other related matters and discharges the roles as prescribed under Section 135 of the Act which includes –

- formulation and review of CSR Policy and to make it comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- to ensure adherence to CSR Policy; and
- to provide guidance on various CSR activities to be undertaken by the Company
- recommending the amount of expenditure to be incurred on CSR and
- to monitor the progress of CSR activities.
- During the year, the Committee meeting was held on – (i) 23.05.2022 and (ii) 13.02.2023. The details of the composition, meetings and attendance of the members of the CSR Committee are as follows:

Names of the Directors	Position Held	Category	No. of Meetings attended
Shri Pradip Kumar Daga	Chairman	Executive Non-Independent	2
Shri Yashwant Kumar Daga	Member	Independent, Non-Executive	2
Shri Anand Prasad Agarwalla	Member	Independent, Non-Executive	2
Shri Sujit Chakravorti	Member	Independent, Non-Executive	1

7. GENERAL BODY MEETINGS

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

LOCATION	DATE	TIME	Special Resolution passed
16, Hare Street, 2 nd Floor, Kolkata - 700 001	September 28, 2022	3.30 P.M.	<ul style="list-style-type: none"> • Approval for Alteration in the Articles of Association of the Company by inserting new clause 38(3) after existing clause 38(2).
16, Hare Street, 2 nd Floor, Kolkata - 700 001	September 28, 2021	11.30 A.M.	<ul style="list-style-type: none"> • Re-appointment of Smt. Meera Dokania as a Non - Executive Independent Director for a second term of 5 years, not liable to retire by rotation. • Maintenance of Register of Members and other Statutory Registers at a place other than the registered office of the Company.
Conducted through video conferencing, deemed venue of which was 16, Hare Street, 2 nd Floor, Kolkata - 700 001	September 29, 2020	12.00 Noon	None

No Extraordinary General Meeting (EGM) was held by the Company during the financial year ended March 31, 2023.

iii) Postal Ballot

No resolution was passed during the financial year ended March 31, 2023 through Postal Ballot under Section 110 of the Companies Act, 2013 and Rules framed thereunder.

The Company does not propose to conduct any special resolution through Postal Ballot under Section 110 of the Act and Rules framed thereunder on or before the forthcoming AGM.

8. MEANS OF COMMUNICATION

The unaudited quarterly / half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within 60 days from the close of the financial year as per the requirements of SEBI (LODR) Regulations 2015. The aforesaid financial results are sent to Calcutta Stock Exchange Limited (CSE) where the Company's securities are listed, immediately after these are approved by the Board and are normally published in widely circulated daily newspapers such as "Financial Express" (English) and "Sukhabar" (Bengali) and are also displayed at the Company's website www.dil-india.com.

Official press releases, presentations to analysts and institutional investors, if any and other general information about the Company, are not communicated individually to shareholders of the Company. However, in addition to uploading the same on the website of the Company are also sent to Stock Exchanges for dissemination.

9. GENERAL SHAREHOLDERS INFORMATION

i)	Date, time and venue of forthcoming Annual General Meeting	Tuesday, 19 th September, 2023 at 12:00 Noon. The Company is conducting Annual General Meeting through Video conferencing ('Vc')/ Other Audio Visual Means ('OAVM') Deemed venue for the meeting is Registered Office of the Company, that is, 16, Hare Street, 2nd Floor, Kolkata-700001
ii)	Dates of Book Closure	From Wednesday, 1 st September, 2023 to Tuesday, 19 th September, 2023
iii)	Cut-off Date	Tuesday, 12 th September, 2023
iv)	Dividend Payment Date	Within 30 days of the Annual General Meeting
v)	Financial Year	1 st April to 31 st March
vi)	Financial Calendar 2023-24 (Tentative Dates)	
	First Quarter Financial Results	On or before 14 th August, 2023
	Second Quarter Financial Results	On or before 14 th November, 2023
	Third Quarter Financial Results	On or before 14 th August, 2023
	Fourth Quarter & Annual Audited Financial Results for the year ended 31 st March, 2023.	On or before 30 th May, 2023
vii)	Listing on Stock Exchange	The Calcutta Stock Exchange Limited 7, Lyons Range, Kolkata- 700001 (CSE Scrip Code: 10014084)
viii)	Annual listing fee	Annual Listing fee for the year 2023-2024 has been paid to the Stock Exchange
ix)	ISIN No. for NSDL/CDSL (Dematerialised Shares)	INE485J01016

Market Price Data

During the financial year ended March 31, 2023, there was no trading in the equity shares of the Company at The Calcutta Stock Exchange (CSE).

Performance in comparison to broad based indices such as BSE sensex, CRISIL index etc. – During the financial year ended March 31, 2023, there was no trading in the equity shares of the Company at The Calcutta Stock Exchange (CSE).

Registrar & Share Transfer Agent (RTA)

M/s. Maheshwari Datamatics Private Limited, 23, R. N. Mukherjee Road, 5th Floor, Kolkata- 700001
Tel. (033) 2248-2248, 2343-5029, E-mail : mdpldc@yahoo.com

Share Transfer System

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

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

Shareholding Pattern of Company as on 31st March, 2023

Category	No. of Shares Held	% of Total Paid up Capital
Promoters & Promoters Group	27,32,044	69.0532
Financial Institutions & Banks	1,42,188	3.5938
Bodies Corporate	6,90,964	17.4643
Resident Individual/HUF	3,91,237	9.8887
Mutual Funds	NIL	NIL
NRIs/OCBs	NIL	NIL
Insurance Companies	NIL	NIL
TOTAL	39,56,433	100.00

Distribution of shareholding as on 31st March, 2023

No. of Shares Held	No. of Holders	% of Holders	No. of Shares	% of Capital
Upto 500	31	43.66	3,825	0.10
501-1000	15	21.13	10,068	0.25
1001-2000	9	12.68	10,723	0.27
3001-4000	1	1.41	3,596	0.09
5001-10000	4	5.63	24,577	0.62
10001 and above	11	15.49	39,03,644	98.67
Total	71	100.000	39,56,433	100.00

Unclaimed Dividends

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

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

Information in respect of Unclaimed dividend and due dates for Transfer of Unclaimed Dividend to the Investor Education and Protection Fund (IEPF) –

Sr No.	Dividend	Dt. Of declaration	Due date for transfer to IEPF
1.	Final Dividend 2018-19	17.09.2019	24.10.2026
2.	Interim Dividend 2019-20	06.03.2020	07.04.2027
3.	Final Dividend 2020-21	28.09.2021	04.11.2028
4.	Final Dividend 2021-22	08.08.2022	14.09.2029

Dematerialization of Shares and Liquidity as on 31st March, 2023:

As on March 31, 2023, 99.66% of the total paid-up share capital of the Company represented by 3942933 Equity Shares are held in dematerialized mode. The balance Equity Shares are held in physical mode and these shareholders are requested to dematerialize their shares in their own interests to avail the benefits of holding shares in dematerialized mode. The entire Promoters' shareholding, that is, 69.05% of the total paid-up share capital, is held in dematerialized mode.

Outstanding GDRs or ADRs or Warrants or any Convertible Instruments:

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

Commodities price risk or foreign exchange risk and hedging activities:

There is basically no commodity price risk as the same is taken care of at the time of quotation of the enquiry of the order and also the Company does not take long period supply orders.

Plant Locations:

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

Address for Correspondence:

DEEPAK INDUSTRIES LIMITED

Registered Office:

16, Hare Street, Kolkata-700 001 Tel: 033-2248-2391/2/3,
E-mail: secretary@dil-india.com

REGISTRAR & SHARE TRANSFER AGENT (RTA)

M/s Maheshwari Datamatics Private Limited

23, R. N. Mukherjee Road, 5th Floor, Kolkata- 700001
Tel. (033) 2248-2248, 2343-5029
E-mail: mdpldc@yahoo.com

Credit Ratings:

M/s. ICRA Limited vide its letter dated 10 April, 2023 has assigned the Credit Rating to the Company's various credit facilities and instruments as mentioned below:

Facilities	Amount (Rs. crore)	Rating/Outlook
On Long-Term Scale		
Fund Based Term Loans	12.00	[ICRA]AA (Stable)
Fund based Working Capital	83.00	[ICRA]AA (Stable)
On Short-Term Scale		
Non-Fund based Letter of Credit/Bank Guarantee	24.00	[ICRA]A1+
Non-Fund based Forward Cover	0.75	[ICRA]A1+
Fund Based Standby Line of Credit	2.00	[ICRA]A1+
On Both Long-Term Scale and Short-Term Scales		

Facilities	Amount (Rs. crore)	Rating/Outlook
Unallocated Limit	13.07	[ICRA]AA (Stable) / [ICRA]A1+

10. CEO/CFO CERTIFICATION

Shri Yashwant Kumar Daga, the Vice-Chairman cum Joint Managing Director and Shri Maneesh Khanna, Chief Financial Officer have submitted certificates to the Board as contemplated under Regulation 17(8) of the SEBI (LODR) Regulations, 2015.

11. OTHER DISCLOSURES

Shri Yashwant Kumar Daga, the Vice-Chairman cum Joint Managing Director and Shri Maneesh Khanna, Chief Financial Officer have submitted certificates to the Board as contemplated under Regulation 17(8) of the SEBI (LODR) Regulations, 2015.

- i) During the financial year ended March 31, 2023, there are no materially significant related party transactions of the Company which may have potential conflict with the interest of the Company at large. The disclosure on Related Party Transactions forms an integral part of the Notes to Financial Statements for the financial year ended March 31, 2023 as included in this Annual Report. The Board has formulated a policy for Related Party Transactions which is available on the Company's website of the Company at link: https://www.dil-india.com/_files/ugd/132b27_5ae47d6134ca4ab592ed9bf2feb0784c.pdf
- ii) There were no instances of non-compliances related to Capital Markets during the last three years. No penalty/stricture was imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on such matters.
- iii) The Company has a Vigil Mechanism / Whistle Blower Policy in place for the Directors and Employees of your Company through which genuine concerns regarding various issues relating to inappropriate functioning of the organization can be raised. The mechanism provides adequate safeguards against victimisation of persons who use this mechanism. No person has been access to the Audit Committee.
- iv) The Company has acquired on a going concern basis Lotus Auto Engineering Limited (LAEL), a manufacturing company under liquidation process as per the provisions of the Insolvency and Bankruptcy Code, 2016. Pursuant to this, the company has invested Rs. 3800 lakhs comprising of 3,364 number of optionally fully convertible secured Debentures of Rs. 1 lakh each and 43,60,000 number of Equity Shares of Rs 10 each during the year ended 2021-2022 and thereby, LAEL became wholly owned subsidiary of the company. National company Law tribunal (NCLT) vide it's order delivered on 7th September, 2022 confirmed the said transaction and has directed the liquidator to provide necessary support and assistance to complete the said acquisition. Pursuant to this, the Company has thus acquired the control of the company under the supervision and the affairs of the same are currently managed by the Board of Directors of the said subsidiary. The financial statement of the subsidiary for the year ended 31.03.2023 being under compilation as such could not be completed and submitted to the company for the purpose of consolidation. These financial statements once completed and audited by their statutory auditor will therefore be submitted in due course of time. Pending this, the affairs of the said subsidiary company has not been considered for consolidation.
- v) The Company has complied with all the applicable mandatory requirements.
- vi) No money was raised by the Company through any public issue, rights issue, preferential issue, etc. during the financial year 2022-23.
- vii) All Accounting Standards mandatorily required have been followed without exception in preparation of the financial statements.
- viii) Procedure for assessment of risk and its minimisation have been laid down by the Company and reviewed by the Board. These procedures are periodically reassessed to ensure that executive management controls risks through means of a properly defined framework.
- ix) A certificate that none of the Directors on the board of the company have been debarred or disqualified from

being appointed or continuing as Directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been received from Shri Pravin Kumar Drolia, Company Secretary in whole time practice and the same is given as 'Annexure B' to this Report.

- x) During the financial year ended March 31, 2023, the Board has accepted all the recommendations of its Committees, which are mandatorily required.
- xi) The details of total fees for all services paid/payable by the Company to the Statutory Auditors, M/s Lodha & Co., Chartered Accountants for the year 2022-23 were as follows:

Particulars	Amount
Audit Fees	12,10,000
Limited Review	2,25,000
Total	14,35,000/-

- xii) In relation to Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013, no complaints have been filed during the financial year, neither there were any pending complaints which were disposed off nor there were any complaints pending as on the end of the financial year 2022-23.
- xiii) Disclosure of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name ad amount- Nil
- xiv) Management Discussion and Analysis forms part of the Annual Report to the shareholders and it includes discussion on matters as required under Schedule V of the Listing Regulations.
- xv) As per Regulation 26(5) of Listing Regulations, there were no material financial and commercial transactions by senior management as defined in SEBI (LODR) Regulations, 2015 where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.
- xvi) There is no instance of non-compliance of any requirement of Corporate Governance report of sub-para (2) to (10) of para C of Schedule V of SEBI Listing Regulations.
- xvii) The Company has complied with all the mandatory requirement of Corporate Governance specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations.
- xviii) The status of adoption of the discretionary requirements as specified in Regulation 27(1) and Part E of Schedule II of the Listing Agreement are given below:
- The Chairman of the Company is Executive Chairman;
 - In view of publication of the Financial Results of the Company in newspapers and disseminating the same on the website of the Company as well as on the website of the Stock Exchanges, the Company does not consider it prudent to circulate the half-yearly Results separately to the Shareholders;
 - The Company's Financial Statements have been accompanied with unmodified audit opinion – both on quarterly and yearly basis ;
 - The Internal Auditors of the Company are independent and their Reports are placed before the Audit Committee.

12. RECONCILIATION OF SHARE CAPITAL AUDIT

As stipulated by SEBI, a qualified practising Company Secretary carries out an audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the Report thereon is submitted to the concerned Stock Exchanges. The audit confirms that the total Listed and Paid-up Capital is in agreement with the aggregate of the total number of shares in dematerialised form (held with NSDL and CDSL) and total number of shares in physical form.

13. DISCLOSURE WITH RESPECT TO DEMAT SUSPENSE ACCOUNT/UNCLAIMED SUSPENSE ACCOUNT

Not applicable.

14. COMPLIANCE CERTIFICATE

Compliance Certificate from the Practising Company Secretary regarding compliance of conditions of corporate governance is given as 'Annexure-C' to this report.

Annexure -A

DECLARATION REGARDING COMPLIANCE OF THE CODE OF CONDUCT

To,
The Members of
Deepak Industries Limited

I, Yashwant Kumar Daga, Vice-Chairman cum Joint Managing Director of the Company declare that to the best of my knowledge and belief, all the Members of the Board and the Senior Management Personnel of the Company have affirmed their respective compliance with the applicable Code of Conduct for the financial year ended 31 March 2023.

Date: 30.05.2023

Yashwant Kumar Daga
Vice-Chairman cum Joint Managing Director

CS PRAVIN KUMAR DROLIA
(Company Secretary in whole time practice)
Block D, 2nd floor, 13, Selimpur Road, Kolkata - 700031
Mobile: 09831196869; Email: droliapravin12@gmail.com

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(Pursuant to Regulation 34(3) and schedule V para-C clause 10(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015

To
The Members,
Deepak Industries Ltd,
2nd floor, 16, Hare Street,
Kolkata-700001

I have examined the relevant registers, records, forms, returns digitally and disclosures received also digitally from the Directors of **M/s Deepak Industries Ltd.** having **CIN: L63022WB1954PLC021638** and having registered office at 16, Hare Street, 2nd floor, Kolkata 700001 (herein referred to as "the Company"), for the purpose of issuing this certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in, as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March 2023 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or other Statutory Authority, as applicable.

Sr No	Name of the Directors	DIN	Date of appointment in Company
1.	Mr. Pradip Kumar Daga	00040692	16/12/2008
2.	Mr. Yashwant Kumar Daga	00040632	15/11/2014
3.	Mr. Sujit Chakravorti	00066344	30/10/2007
4.	Mr. Anand Prasad Agarwalla	00312652	30/03/2002
5.	Mrs. Meera Dokania	07094376	01/04/2015
6.	Mr Ganapathy Anantha Narayanan	09491346	12/02/2022

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

FOR PRAVIN KUMR DROLIA
(Company Secretary in whole time practice)

(Pravin Kumar Drolia)

Place: Kolkata

Date: 30-05-2023

Peer review regn: 1928/2022

FCS: 2366

C.P. No.: 1362

UDIN: F002366E000383109

Annexure -C

CS PRAVIN KUMAR DROLIA

(Company Secretary in whole time practice)Block D, 2nd floor, 13, Selimpur Road, Kolkata - 700031

Mobile: 09831196869; Email: droliapravin12@gmail.com

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE

**To the Members of,
Deepak Industries Limited,
16, Hare Street, Kolkata 700001**

I have examined the compliance of conditions of corporate governance by DEEPAK INDUSTRIES LTD (CIN: **63022WB1954PLC021638**) for the year ended on 31st March 2023, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of my information and according to the explanations given to me, I hereby certify that the Company has complied with the conditions of corporate governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended on March 31, 2023.

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

FOR PRAVIN KUMR DROLIA

(Company Secretary in whole time practice)

(Pravin Kumar Drolia)

Proprietor

C.P.No.:1362, FCS: 2366

UDIN: F002366E000383111

Place: Kolkata

Date: 30-05-2023

Peer view no: 1928/2022

Independent Auditors' Report

To the Members of Deepak Industries Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of Deepak Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies and Other Notes for the year ended on that date (herein-after referred to as "Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key audit Matters	Addressing the Key Audit Matters
<p>Impairment Allowances on Trade Receivables</p> <p>Gross Trade Receivable of the Company is Rs. 20272.62 Lakhs as on March 31, 2023. This includes amounts, which have fallen due for payment and are lying outstanding for a considerable period of time. Management has carried impairment allowances of Rs. 153.13 Lakhs (Note No. 12 of the Financial Statements).</p> <p>The Company evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment allowance as a result of the inability of the customers to make required payments. The Company bases the estimates on the ageing of the trade receivables balance, credit worthiness of the trade receivables and historical write-off experience.</p>	<p>Our audit procedures based on which we arrived at the conclusion regarding the carrying amount of Trade Receivables include the following:</p> <ul style="list-style-type: none"> • We obtained an understanding from the Management, assessed and tested the design and operating effectiveness of the Company's key controls over the recoveries against the outstanding amounts and resultant impairment assessment of material Trade Receivables; • We have verified the period of amounts remaining outstanding as disclosed in the financial statements and reviewed the reconciliations thereof on case-by-case basis; • We reviewed Management's assessment and evaluation on the credit worthiness of the major trade receivables and historical trends and current dealing with the customers; • We discussed with the Management and reviewed the adequacy of the allowance for impairment as recorded and analysed the supporting documents provided in relation to such assessment.

<p>Verification of Inventories and Valuation thereof</p> <p>The total inventory of the Company amounts to Rs. 8177.74 Lakhs (as on March 31, 2023) (Refer note 3.10 and 11 of the Financial Statements).</p> <p>Existence of Inventories and valuation thereof was focus area of audit considering that the amount involved therein was substantial and the nature of operations of the Company.</p> <p>Physical verifications in all the locations have been conducted by the management at the year end.</p>	<p>Our Audit procedures based on which we arrived at the conclusion regarding reasonableness of determination of year-end inventory and valuation thereof include the following:</p> <ul style="list-style-type: none"> • Ensuring the effectiveness of the design, implementation and maintenance of controls over inventory and in system and procedure for conducting the physical verification and testing these controls being operated effectively. • Observing the verification of Inventories at the year end undertaken by the management and evaluation of procedures and documentation in this aspect. • Obtaining and reviewing the necessary evidences, working papers and documents for the physical verification carried out as above. • Verifying the valuation process/methodology and checks being performed at multiple levels and ensuring that the valuation is consistent with and as per the policy followed in this respect.
---	--

Information other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Other Matters

Financial Statement of the Subsidiary Company "Lotus Auto Engineering Limited" for the year ended March 31, 2023 being under compilation and subject to audit thereafter due to the reasons as stated in Note No. 49 was not made available for consolidation as on this date. Accordingly, Consolidated financial statements of the company as stated in the said note has not been prepared by the management and reported upon by us.

Our opinion on the standalone financial results is not modified in respect of the matters stated above.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. Further to our comments in the annexure referred to in the paragraph above, as required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards notified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time;
 - e) On the basis of the written representations received from the directors as on March 31, 2023 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act; and
 - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control with reference to financial statements.
3. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note no.38 of the financial statements.
 - ii. The Company did not have any material foreseeable losses against long-term contracts, including derivative contracts and thereby requirement for making provision in this respect is not applicable to the company.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - (a) The Management has represented that, to the best of its knowledge and belief as disclosed in Note No. 48 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented, that, to the best of its knowledge and belief as disclosed in Note No. 48 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations

under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.
4. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable with effect from April 1, 2023 to the Company, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
5. With respect to the reporting under Section 197 (16) of the Act to be included in the Auditors' Report, in our opinion and according to the information and explanations given to us, the Remuneration (including Sitting fees) paid by the Company to its Directors during the current financial year is in accordance with the provisions of Section 197 of the Act and is not in excess of the limit laid down therein.

For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration Number: 301051E

R. P. Singh
(Partner)
Membership No. 052438
UDIN: 23052438BGXSCL6535

Place: Kolkata
Date: May 30, 2023

Annexure “A” to the Auditors’ Report of even date

The Statement referred to in paragraph 1 with the heading ‘Report on other legal and regulatory requirements’ of our Report of even date to the members of Deepak Industries Limited on the financial statements of the company for the year ended March 31, 2023, we report that:

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Intangible Assets;
 - b) There is a phased programme of verification of such assets, based on which physical verification of fixed assets is being carried out by the management. Discrepancies in respect of fixed assets verified during the year were not material;
 - c) Based on verification of title deeds/lease deeds produced to us by the management and according to the information and explanations given to us, in our opinion, the title deeds/lease deeds of immovable properties as stated in Note No. 5.3 of the Financial Statements are held in the name of the company;
 - d) The company has not revalued any of its Property, Plant and Equipment (including Right-of-Use Assets) and Intangible Assets during the year. Accordingly, reporting under paragraph 3(i)(d) of the Order is not applicable to the Company;
 - e) According to the information and explanations given to us and as represented by the management, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, as amended from time to time. Accordingly, reporting under paragraph 3(i)(e) of the Order is not applicable to the Company.
- ii.
 - a) The inventories of the Company have been physically verified by the management during the year at reasonable intervals and in our opinion coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and nature of its inventory. The discrepancies noticed on physical verification of inventories were not 10% or more in aggregate for each class of inventory and have been properly dealt with in the books of the account;
 - b) The Company has been sanctioned working capital limit in excess of Rupees Five Crores on the basis of securities of Current Assets of the company in respect of which monthly statements (hereinafter referred to as statements) have been filed with the banks. On the basis of examination of relevant records and details provided to us in this respect, these statements provided to us have been found to be in agreement with the then unaudited books of accounts of the Company (Refer Note no. 23.3 of the financial statements).
- iii. The Company has not made investments or provided any guarantee or security or granted any loans or advances in nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, reporting under paragraph 3(iii) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act, with respect to the investments made. The Company has neither issued any guarantee, given any loan nor has provided any security on behalf of any party. As the company has not granted any loan to directors or to parties wherein directors are interested, provisions of section 185 are not applicable to the Company.
- v. According to the information and explanation given to us and based on our examination of the books and records of the Company, the Company has neither accepted any deposits or amount deemed to be deposits from public covered under Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. Accordingly, reporting under paragraph 3(v) of the order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of the Company’s products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us and based on our examination of the books of account:
 - a) During the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees’ State Insurance, Income Tax, Sales Tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues as applicable to it. According to the information and explanations given to us, there is no undisputed amounts payable in respect of these which were in arrears as on March 31, 2023 for a period of more than six months from the date they became payable;

- b) The details of statutory dues referred to in sub clause (vii) (a) above, which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of Dues	Amount (Rupees in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944 (rule 14 of CENVAT Credit rule)	CENVAT for Service Tax on Rent	2.19	F.Y. 2009-10	Punjab and Haryana High Court, Chandigarh
Income Tax Act, 1961	Income Tax	174.29	A.Y. 2010-11 and A.Y. 2013-14 to A.Y. 2019-20	Commissioner of Income Tax (Appeals) Kolkata

- viii. In our opinion and on the basis of information and explanations given to us and as represented by the management, we have neither come across nor have been informed of transactions which were previously not recorded in books of account and that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 and accordingly reporting under paragraph 3(viii) of the Order is not applicable.
- ix. In our opinion and on the basis of information and explanations given to us and based on our examination of the books of account of the Company:
- During the year, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lenders;
 - The Company has not been declared wilful defaulter by any bank or financial institutions or any other lenders;
 - The Company has utilized the money obtained by way of term loans from bank for the purpose for which they were obtained;
 - According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short term basis have been used for long term purposes by the Company;
 - According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary. The Company does not have any associates or joint ventures;
 - According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary. The Company does not have any associates or joint ventures.
- x. According to the information and explanations given to us and based on our examination of the books of account of the Company:
- The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence, reporting under paragraph 3(x)(a) of the Order is not applicable;
 - The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially, or optionally) during the year and accordingly, reporting under paragraph 3(x)(b) of the Order is not applicable.
- xi. a) During the course of our examination of books and records of the Company carried out in accordance with generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have been informed of any such cases by the management;
- b) No report under sub-section (12) of section 143 of the Act, has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 (as amended from time to time) with the Central Government, during the year and up to the date of this report;
- c) According to the information and explanation given to us and based on our examination of the books of account of the company, no whistle blower complaints have been received during the year by the company. Accordingly reporting under paragraph 3(xi)(c) of the order is not applicable.

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and accordingly the Nidhi Rules, 2014 is not applicable to it, hence, the reporting under paragraph 3(xii)(a), (b) and (c) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with provisions of section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. The Company has appointed a firm of Chartered Accountants to carry out the internal audit of the Company. In our opinion and according to the information and explanations given to us the internal audit system is commensurate with the size and nature of its business. We have considered, during the course of our audit, the reports of the internal auditor for the period under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures in accordance with the guidance provided in SA 610 "Using the work of Internal Auditors".
- xv. According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them and hence reporting under paragraph 3(xv) of the Order is not applicable.
- xvi. a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a) of the Order is not applicable.
b) The Company has not conducted any Non-Banking Financial or Housing Finance Activities without a valid certificate of registration as required under Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(b) of the Order is not applicable.
c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3(xvi)(c) of the Order is not applicable.
d) In our opinion and based on the representation received by us from the management, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. Based on the examination of the books of accounts, we report that the Company has not incurred cash losses in the current financial year covered by our audit or in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year and hence reporting under paragraph 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations given to us and based on the financial ratios (refer note no. 46 to the financial statements), ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither given any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. According to the information and explanations given to us and based on our examination of the books and records of the Company there are no unspent amount towards Corporate Social Responsibility (CSR) on either ongoing projects or other than ongoing projects under section 135 of the Act and accordingly, reporting under paragraph 3(xx)(a) and (b) of the Order is not applicable for the year.
- xxi. The reporting under paragraph 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements.

For **Lodha & Co.**

Chartered Accountants

Firm's ICAI Registration Number: 301051E

R. P. Singh

(Partner)

Membership No. 052438

UDIN: 23052438BGXSCL6535

Place: Kolkata

Date: May 30, 2023

Annexure “B” to the Independent Auditors’ Report

((Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

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

We have audited the internal financial controls with reference to the financial statements of Deepak Industries Limited (“the Company”) as at March 31, 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to

financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **Lodha & Co.**
Chartered Accountants
Firm's ICAI Registration Number: 301051E

R. P. Singh
(Partner)
Membership No. 052438
UDIN: 23052438BGXSCL6535

Place: Kolkata
Date: May 30, 2023

BALANCE SHEET AS AT 31ST MARCH, 2023

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	5	15,072.89	16,037.39
(b) Capital work-in-progress	6	24.23	0.29
(c) Intangible Assets	7	20.78	6.34
(d) Financial Assets			
(i) Investments	8	2,765.70	137.09
(ii) Other Financial Assets	9	259.61	258.08
(e) Other non-current assets	10	3,532.50	4,517.86
Total Non Current Assets		21,675.71	20,957.05
(2) Current Assets			
(a) Inventories	11	8,177.74	8,879.35
(b) Financial Assets			
(i) Trade receivables	12	20,119.49	14,727.52
(ii) Cash and cash equivalents	13	903.52	603.09
(iii) Other Bank Balances	14	22,736.69	17,860.84
(iv) Other financial assets	15	745.94	446.05
(c) Other current assets	16	1,811.35	1,363.08
Total Current Assets		54,494.73	43,879.93
Total Assets		76,170.44	64,836.98
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	17	395.64	395.64
(b) Other Equity	18	55,405.12	44,048.43
Total Equity		55,800.76	44,444.07
Liabilities			
(1) Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	469.20	1,082.71
(ii) Lease Liabilities	36	12.99	8.10
(iii) Other financial liabilities	20	400.28	400.28
(b) Provisions	21	204.75	212.11
(c) Deferred Tax Liabilities (Net)	22	521.61	708.82
Total Non Current Liabilities		1,608.83	2,412.02
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	23	8,356.63	7,183.23
(ii) Lease Liabilities	36	11.37	7.02
(iii) Trade payables	24		
(a) Total Outstanding dues of micro enterprises and small enterprises		740.93	780.85
(b) Total Outstanding dues to creditors other than micro enterprises and small enterprises		5,438.79	5,843.66
(iv) Other financial liabilities	25	1,216.02	1,122.10
(b) Other current liabilities	26	2,571.19	2,918.93
(c) Provisions	27	173.98	125.10
(d) Current Tax Liabilities	28	251.94	-
Total Current Liabilities		18,760.85	17,980.89
Total Liabilities		20,369.68	20,392.91
Total Equity and Liabilities		76,170.44	64,836.98

Accompanying Notes on Financial Statements

1-51

These notes are an integral part of the Financial Statements.

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

Firm Regn No. 301051E

R.P. Singh

Partner

Membership No. 052438

Kolkata

Date: May 30, 2023

For and on behalf of the Board of Directors

P. K. Daga

(DIN: 00040692)

Chairman-Cum-Managing Director

Y.K. Daga

(DIN: 00040632)

Vice Chairman-Cum-joint-Managing

Director

S. Chakravorti

(DIN: 00066344)

A. P. Agarwalla

(DIN: 00312652)

Meera Dokania

(DIN: 07094376)

G. A. Narayanan

(DIN: 09491346)

Maneesh Khanna

Chief Financial Officer

Nikita Puria

Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2023

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue From Operations	29(i)	80,159.58	63,369.73
Other Income	29(ii)	1,860.58	1,316.54
Total Income		82,020.16	64,686.27
EXPENSES			
Cost of Materials consumed	30	37,566.90	30,739.24
Changes in Inventories of finished goods, Stock-in-Trade and work-in progress	31	521.10	(574.20)
Employee benefits expense	32	7,873.31	7,044.34
Finance costs	33	606.35	585.06
Depreciation and amortisation expense	34	2,688.75	2,598.95
Other expenses	35	16,974.20	13,155.85
Total expenses		66,230.61	53,549.24
Profit before tax		15,789.55	11,137.03
Tax expense:			
(1) Current tax	37	4,218.22	2,965.44
(2) Deferred tax- Charge/(Credit)	37	(185.65)	(134.12)
Profit for the year		11,756.98	8,305.71
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss		(6.21)	27.74
(ii) Income tax relating to items that will not be reclassified to profit or loss	37.2	1.56	(6.98)
Other Comprehensive Income for the year (net of tax)	37.3	(4.65)	20.76
Total Comprehensive Income for the year comprising profit and other comprehensive income for the year		11,752.33	8,326.47
Earnings per equity share of value of ₹ 10 each.			
(1) Basic (Rs.)	42	297.16	209.93
(2) Diluted (Rs.)		297.16	209.93

Accompanying Notes on Financial Statements

These notes are an integral part of the Financial Statements.
As per our report of even date

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

R.P. Singh
Partner
Membership No. 052438
Kolkata
Date: May 30, 2023

P. K. Daga
(DIN: 00040692)
Chairman-Cum-Managing Director

S. Chakravorti
(DIN: 00066344)

G. A. Narayanan
(DIN: 09491346)

1-51

For and on behalf of the Board of Directors

Y.K. Daga
(DIN: 00040632)
Vice Chairman-Cum-joint-Managing Director

A. P. Agarwalla
(DIN: 00312652)

Maneesh Khanna
Chief Financial Officer

Meera Dokania
(DIN: 07094376)

Nikita Puria
Company Secretary

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2023

(A) Equity Share Capital

Particulars	Note No.	(₹ in lakhs)
Balance as at March 31, 2021		395.64
Changes during the year		-
Balance as at March 31, 2022		395.64
Changes during the year		-
Balance as at March 31, 2023		395.64

(B) Other Equity

(₹ in lakhs)

Particulars	Reserves and Surplus			Other Comprehensive Income	Total
	Capital Reserve	Capital Redemption Reserve	Retained Earnings	Remeasurement of Defined Benefit Obligation	
As at March 31, 2021	35.36	134.17	35,750.25	-	35,919.78
Profit for the year			8,305.71		8,305.71
Other Comprehensive Income for the year (net of tax)				20.76	20.76
Total Comprehensive Income for the year			8,305.71	20.76	8,326.47
Transfer to Retained Earnings during the year			20.76	(20.76)	-
Dividend paid during the year			(197.82)		(197.82)
As at March 31, 2022	35.36	134.17	43,878.90	-	44,048.43
Profit for the year			11,756.98		11,756.98
Other Comprehensive Income for the year (net of tax)				(4.65)	(4.65)
Total Comprehensive Income for the year			11,756.98	(4.65)	11,752.33
Transfer to Retained Earnings during the year			(4.65)	4.65	-
Dividend paid during the year			(395.64)		(395.64)
As at March 31, 2023	35.36	134.17	55,235.59	-	55,405.12

Refer Note no. 18 for nature and purpose of reserves
Accompanying Notes on Financial Statements

1-51

These notes are an integral part of the Financial Statements.

For and on behalf of the Board of Directors

As per our report of even date

For **Lodha & Co.**

Chartered Accountants

Firm Regn No. 301051E

R.P. Singh

Partner

Membership No. 052438

Kolkata

Date: May 30, 2023

P. K. Daga

(DIN: 00040692)

Chairman-Cum-Managing Director

S. Chakravorti

(DIN: 00066344)

G. A. Narayanan

(DIN: 09491346)

A. P. Agarwalla

(DIN: 00312652)

Maneesh Khanna

Chief Financial Officer

Y.K. Daga

(DIN: 00040632)

Vice Chairman-Cum-joint-Managing

Director

Meera Dokania

(DIN: 07094376)

Nikita Puria

Company Secretary

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

(₹ In lakhs)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net Profit Before Tax		15,789.55		11,137.03
Adjustments for -				
Depreciation	2,688.75		2,598.95	
(Profit)/Loss on sale/discard of Property, Plant and Equipment	(42.47)		(326.09)	
Interest Income	(1,358.00)		(819.62)	
Liabilities no longer required written back	(186.81)		(43.77)	
Finance costs	606.35		585.06	
Amortisation of Deferred financial instruments	86.03		22.66	
Interest income on financial assets measured at amortised cost	(99.31)		(14.22)	
Bad debts written off	108.89		-	
Sundry balances written off	24.45		-	
Gain on foreign currency translation	(20.14)		-	
		1,807.74	-	2,002.97
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		17,597.29		13,140.00
Adjustments for -				
Trade and other receivables	(5,480.72)		(2,789.18)	
Inventories	701.61		(177.31)	
Loans and advances	(344.02)		(163.29)	
Trade Payables and other liabilities	(302.11)	(5,425.24)	1,750.92	(1,378.86)
CASH GENERATED FROM OPERATIONS		12,172.05		11,761.14
Direct Taxes Paid		(4,007.31)		(2,936.80)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES		8,164.74		8,824.34
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Property, Plant and Equipment, Intangible Assets, Right of Use Assets and Capital Work in Progress	(3,712.29)		(1,763.45)	
Sale of Property, Plant and Equipment	116.85		326.09	
(Purchase)/Sale of Investments (Also Refer Note no. 8.2 and 10.1)	-		(3,800.00)	
Deposits with Bank (original maturity more than three months)	(4,873.48)		(1,973.70)	
Interest Income	1,053.10		886.10	
		(7,415.82)		(6,324.96)
NET CASH FLOW FROM/(USED IN) INVESTMENT ACTIVITIES		(7,415.82)		(6,324.96)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Interest Paid	(600.51)		(582.87)	
Proceeds from Long term Borrowings from Bank	-		1,201.83	
Repayment of Long term Borrowings from Bank	(948.62)		(1,367.52)	
Repayment of Sales Tax Deferment Loan	-		(23.11)	
Proceeds/(Repayment) of Short Term Borrowings from Bank (net)	1,508.51		(1,003.28)	
Repayment of Lease Liability	(12.23)		(20.95)	
Dividend paid	(395.64)		(197.82)	

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		(448.49)		(1,993.72)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(448.49)		(1,993.72)
Cash and Cash Equivalents as at beginning of the Year (Refer Note no. 13)		300.43		505.66
Cash and Cash Equivalents as at the end of the year (Refer Note no. 13)		603.09		97.43
		903.52		603.09

Note:

1. Cash and Cash Equivalents consists of cash on hand and bank balances in Current Account, Dividend Account and Short Term Deposits with original maturity of less than three months. The details of cash and cash equivalents as per Note no. 13 of the Balance Sheet is as under:

(₹ In lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with banks		
In Current account	897.21	570.34
Earmarked Balances with Bank		
Unspent amount for Corporate Social Responsibility	-	25.50
Cash on hand	6.31	7.25
Total cash and cash equivalents	903.52	603.09

2. Reconciliation of Liabilities arising from Financing activities

(₹ In lakhs)

Particulars	As at March 31, 2022	Proceeds raised	Non cash adjustments/ Additions in Lease Liabilities	Repayment	As at March 31, 2023
Long Term Borrowings from Bank	2,032.11	-	-	(948.62)	1,083.49
Lease Liabilities	15.12	-	21.47	(12.23)	24.36
Short Term Borrowings from Bank	6,233.83	1,508.51	-	-	7,742.34
Total	8,281.06	1,508.51	21.47	(960.85)	8,850.19

3. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard - 7 on Statement of Cash Flows.
4. The Company has incurred ₹ 163.18 Lakhs (includes ₹ 2.43 Lakhs as excess amount spent on CSR- Refer Note no. 16) on account of Corporate Social Responsibility (CSR) Expenditure during the year ended March 31, 2023 (March 31, 2022: ₹ 136.20 Lakhs).

Accompanying Notes on Financial Statements

1-51

These notes are an integral part of the Financial Statements.

For and on behalf of the Board of Directors

As per our report of even date

For **Lodha & Co.**

P. K. Daga

Y.K. Daga

Chartered Accountants

(DIN: 00040692)

(DIN: 00040632)

Firm Regn No. 301051E

Chairman-Cum-Managing Director

Vice Chairman-Cum-joint-Managing Director

R.P. Singh

S. Chakravorti

A. P. Agarwalla

Meera Dokania

Partner

(DIN: 00066344)

(DIN: 00312652)

(DIN: 07094376)

Membership No. 052438

Kolkata

G. A. Narayanan

Maneesh Khanna

Nikita Puria

Date: May 30, 2023

(DIN: 09491346)

Chief Financial Officer

Company Secretary

Notes to Financial Statements for the year ended March 31, 2023

1 Corporate Information

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

The financial statements for the year ended March 31, 2023 were approved for issue by the Board of Directors of the company on May 30, 2023 and are subject to the adoption by the Shareholders in the ensuing Annual General Meeting.

2 Statement of compliance and Recent Accounting Pronouncements

2.1 Statement of compliance

These financial statements are prepared on going concern basis following accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

Accounting policies have been consistently applied except where a newly issued Indian Accounting Standard is initially adopted or a revision to when existing main accounting standard requires a change in the accounting policies hitherto in use.

2.2 Application of new and revised standards

Effective April 01, 2022, the company has adopted the amendments vide Companies (Indian Accounting Standard) Amendment Rules, 2022 notifying amendment to existing Ind AS. These amendments to the extent relevant to the Company's operation were relating to Ind AS 16 "Property, Plant and Equipment" which clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment and Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets" which specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

There were other amendments in various standards including Ind AS 101 "First-time Adoption of Indian Accounting Standards", Ind AS 103 "Business Combinations", Ind AS 109 "Financial Instruments", and Ind AS 41 "Agriculture" which have not been listed herein above since these are not relevant to the Company. Revision in these standards did not have any material impact on the profit/loss and earning per share for the year.

2.3 Recent Accounting Pronouncements

Standards issued but not yet effective:

On March 31, 2023, Ministry of Corporate Affairs (MCA) has made certain amendments to existing Ind AS vide Companies (Indian Accounting Standard) Amendment Rules, 2023. These amendments to the extent relevant to the Company's operation include amendment to Ind AS 1 "Presentation of Financial Statements" which requires the entities to disclose their material accounting policies rather than their significant accounting policies, Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" which has introduced a definition of 'accounting estimates' and include amendments to help entities distinguish changes in accounting policies from changes in accounting estimates. Further consequential amendments with respect to the concept of material accounting policies have also been made in Ind AS 107 "Financial Instruments: Disclosures" and Ind AS 34 "Interim Financial Reporting".

There are other amendments in various standards including Ind AS 101 "First-time Adoption of Indian Accounting Standards", Ind AS 103 "Business Combinations", Ind AS 109 "Financial Instruments" Ind AS 115 "Revenue from Contracts with Customers", Ind AS 12 "Income Taxes" which has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences and Ind AS 102 "Share-based Payment" which have not been listed herein above since these are not relevant to the Company. Even though the Company will evaluate the impact of above, none of these amendments as such are vital in nature and are not likely to have material impact on the financial statements of the Company.

Notes to Financial Statements for the year ended March 31, 2023

3 Significant Accounting Policies

3.1 Basis of Preparation

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

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

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

The Financial Statements are presented in Indian Rupees and all values are rounded off to the nearest two decimal lakhs except otherwise stated.

3.2 Fair Value Measurement

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

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

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

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

3.3 Property Plant and Equipment (PPE)

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

Parts of an item of Property, Plant and Equipment having different useful lives and material value and subsequent expenditure on Property, Plant and Equipment arising on account of capital improvement or other factors are accounted for as separate components.

Property, Plant and Equipment includes spare, stand by equipments and servicing equipments which are expected to be used for a period of more than twelve months and meet the recognition criteria of Plant, Property and Equipment. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of servicing and repairs and maintenance of property, plant and equipment are recognised in the statement of profit and loss when incurred.

Capital work in progress includes purchase price, import duty and any directly attributable cost of bringing the assets to their working condition, trial run expenses and interest against borrowings attributable up to the date of installation. Such items are classified to the appropriate categories of Property, Plant and Equipment when gets completed and are ready for intended use.

3.4 Depreciation methods, estimated useful lives and residual value

Depreciation on Property, Plant and equipment commences when the assets are ready for their intended use.

Depreciation on Property, Plant and Equipment is provided as per the useful life specified under Schedule II of the Companies Act, 2013 on straight line method except at Rudrapur unit where depreciation is provided on written

Notes to Financial Statements for the year ended March 31, 2023

down value method. Subsequent additions to the cost of Property, Plant and Equipment are depreciated over the remaining life of mother asset.

Leasehold Land held under finance lease are depreciated on a straight line basis over their lease terms.

No depreciation is charged on Freehold land.

The estimated useful life of the tangible assets considered for providing depreciation are as follows:

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

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

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

3.5 Intangible Assets

Intangible assets are stated at cost comprising of purchase price inclusive of duties and taxes less accumulated amount of amortization and impairment losses. Such assets, are amortised over the useful life using straight line method and assessed for impairment whenever there is an indication of the same.

Accordingly, cost of computer software packages are amortized over a period of 5 years on a straight line basis.

Amortisation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.6 Derecognition of Tangible and Intangible assets

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

3.7 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of an asset to the Company. All other leases are classified as operating leases.

Finance leases are capitalized at the inception of the lease at lower of its fair value and the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Any initial direct costs of the lessee are added to the amount recognised as an asset. Each lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the outstanding amount of the liabilities.

Payments made under operating leases are recognised as expenses on a straight-line basis over the term of the lease unless the lease arrangements are structured to increase in line with expected general inflation or another systematic basis which is more representative of the time pattern of the benefits availed. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

3.8 Impairment of Tangible and Intangible Assets

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

Impairment losses recognized earlier may no longer exist or may have come down. Based on such assessment at each reporting period the impairment loss is reversed and recognized in the Statement of Profit and Loss. In such

Notes to Financial Statements for the year ended March 31, 2023

cases the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

3.9 Financial Instruments

Financial assets and financial liabilities are recognized in the Balance sheet when the Company becomes a party to the contractual provisions of financial instruments. The Company determines the classification of its financial assets and financial liabilities at initial recognition based on its nature and characteristics.

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

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical financial assets or financial liabilities that the Company can access at the measurement date.
- (ii) Level 2: Inputs other than quoted prices included within level 1 observable for the financial asset or financial liability, either directly or indirectly.
- (iii) Level 3: Unobservable inputs for the financial asset or financial liability.

A. Financial assets

I. Initial recognition and measurement

The financial assets include investments, trade receivables, loans and advances, cash and cash equivalents, bank balances other than cash and cash equivalents, and other financial assets.

Financial assets are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or are deducted from the fair value of the financial assets as appropriate on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price.

II. Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in the following categories:

- (i) at amortized cost,
- (ii) at fair value through other comprehensive income (FVTOCI), and
- (iii) at fair value through profit or loss (FVTPL).

(a) Financial assets at amortized cost

A 'financial asset' is measured at the amortized cost if the following two conditions are met:

- (i) The asset is held within a business model whose objective is to hold the asset for collecting contractual cash flows, and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost is determined using the Effective Interest Rate ("EIR") method. Discount or premium on acquisition and fees or costs forms an integral part of the EIR.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the Financial instruments or, where appropriate, a shorter period.

(b) Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held both for collection of contractual cash flows and for selling the financial assets, and contractual terms of the financial assets give rise to cash flows representing solely payments of principal and interest

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

Notes to Financial Statements for the year ended March 31, 2023

(c) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are not classified in any of the categories above are classified at fair value through profit or loss.

(d) Equity investments

Equity investments in the scope of Ind AS 109 are measured at fair value except for investments in subsidiaries and associates, which are carried at cost.

The Company makes an election to present changes in fair value either through other comprehensive income or through profit or loss on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If Company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in other comprehensive income. In addition, profit or loss arising on sale is also taken to other comprehensive income. The amount accumulated in this respect is transferred within the Equity on derecognition.

III. De-recognition

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

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

On derecognition of assets measured at FVTOCI the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

iv. Cash and cash equivalents

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

B. Financial liabilities

I. Initial recognition and measurement

The financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts, etc. Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition.

II. Subsequent measurement

For subsequent measurement, financial liabilities are classified at amortized cost

Financial liabilities at amortized cost

After initial recognition, financial liabilities are subsequently measured at amortized cost using the EIR method. When the financial liabilities are derecognized, gains and losses are recognized in profit or loss. Discount or premium on acquisition and fees or costs forms an integral part of the EIR.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the Financial instruments or, where appropriate, a shorter period.

III. De-recognition

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

Notes to Financial Statements for the year ended March 31, 2023

C. Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Balance sheet if there is currently an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

D. Impairment of financial assets

A financial asset is assessed for impairment at each Balance Sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

The company measures the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

However, for trade receivables or contract assets that result in relation to revenue from contracts with customers, the company measures the loss allowance at an amount equal to lifetime expected credit losses.

3.10 Inventories

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

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

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

3.11 Foreign Currency Transactions

Presentation currency

These financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the company.

Transactions and Balances:

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

3.12 Equity Share Capital

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

Incremental costs directly attributable to the issuance of new equity shares and buy-back of equity shares are shown as a deduction from the Equity net of any tax effects.

3.13 Provisions, Contingent Liabilities and Contingent Assets

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

Notes to Financial Statements for the year ended March 31, 2023

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

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

3.14 Employee Benefits

Short term Employee benefits are accrued in the year services are rendered by the employees.

Provident and Family Pension Fund: In accordance with the provisions of the Employee Provident Funds and Miscellaneous Provisions Act, 1952, eligible employees of the company are entitled to receive benefits with respect to provident fund, a defined contribution plan, in which both the company and employee contribute monthly to Provident Fund Scheme the Central Government/Trust at a determined rate. The Company's contribution is charged off to the Statement of Profit and Loss.

Gratuity: Employee benefits under defined benefit plans are determined at the close of each year at the present value of the amount payable by actuarial valuation techniques using the projected unit credit method. Contributions under the scheme for defined benefit under the Payment of Gratuity Act, 1972, is determined on the basis of actuarial valuation and are funded to Deepak Industries Gratuity Fund and are recognized as year's expenditure. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income. Remeasurements are not classified to the statement of Profit and Loss in subsequent periods. Other costs are recognized in the Statement of Profit or Loss. Bifurcation of liabilities into Current and Non current are done based on actuarial valuation report.

Leave Encashment Benefits: Leave encashment benefits are payable to employees while in service, retirement and on death while in service or on termination of employment. With respect to accumulated leaves outstanding at the year-end, liability for leave are accounted for on the basis of actuarial valuation at the balance sheet date. The present value of such obligation is determined by the projected unit credit method as at the Balance Sheet date through which the obligations are settled. The resultant actuarial gains or losses on change in present value of defined benefit obligation or change in return of the plan assets is recognized as an income or expense in the Statement of Profit and Loss. Bifurcation of liabilities into Current and Non-current are done based on actuarial valuation report.

3.15 Revenue Recognition

a. Revenue from Operations

Revenue from contracts with customers is accounted for only when it has commercial substance, and all the following criteria are met:

- (i) parties to the contract have approved the contract and are committed to performing their respective obligations;
- (ii) each party's rights regarding the goods or services to be transferred and payment terms there against can be identified;
- (iii) consideration in exchange for the goods or service to be transferred is collectible and determinable.

The revenue is recognized on satisfaction of performance obligation, when control over the goods or services has been transferred and/ or goods/ services are delivered/ provided to the customers. Delivery occurs when the goods have been shipped or delivered to a specific location, and the customer has either accepted the goods under the contract or the Company has sufficient evidence that all the criteria for acceptance have been satisfied.

Revenue is measured at the amount of transaction price (consideration specified in the contract with the customers) allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of discounts offered by the company and excludes amounts collected on behalf of third parties.

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

Other Operating Revenue-Export Benefits :

Export incentives are accounted for in the year of export if the entitlements and realisability thereof can be estimated with reasonable accuracy and conditions precedent to such benefit is fulfilled.

Notes to Financial Statements for the year ended March 31, 2023

b. Other Income

Interest, Dividend and Claims :

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

3.16 Borrowing Costs

Borrowing cost comprises of interest and other costs incurred in connection with the borrowing of the funds. All borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method except to the extent attributable to qualifying Property Plant Equipment (PPE) which are capitalized to the cost of the related assets.

A qualifying PPE is an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale. Borrowing cost also includes exchange differences to the extent considered as an adjustment to the borrowing costs.

3.17 Taxes on Income

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

Current income tax is provided on the taxable income and recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax assets include Minimum Alternative Tax (MAT) measured in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability and such benefit can be measured reliably and it is probable that the future economic benefit associated with same will be realized.

3.18 Earnings Per Share

Basic earnings per share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.19 Segment Reporting

Operating segments are identified and reported taking into account the different risk and return, organisation structure and internal reporting system.

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

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

Notes to Financial Statements for the year ended March 31, 2023

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

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

Property, Plant and Equipment and Intangible assets are depreciated/ amortized on Straight Line Basis/Written Down Value Basis over the estimated useful lives (or lease term, if shorter) in accordance with Schedule II of the Companies Act, 2013, taking into account the estimated residual value, wherever applicable. The Company reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation / amortization and amount of impairment expense to be recorded during any reporting period. This reassessment may result in change estimated in future periods.

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

4.2 Arrangements containing leases and classification of leases

The Company enters into service / hiring arrangements for various assets / services. The determination of lease and classification of the service / hiring arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated probability of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.

4.3 Impairment allowances on trade receivables

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

4.4 Income taxes

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

4.5 Defined benefit obligation (DBO)

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

4.6 Provisions and Contingencies

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

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

The carrying amounts of provisions and liabilities and estimation for contingencies are reviewed regularly and revised to take account of changing facts and circumstances.

Notes to Financial Statements for the year ended March 31, 2023

(₹ In lakhs)

5. Property, Plant and Equipment

Particulars	Freehold Land	Land - Right of use (ROU)	Building - Right of use (ROU)	Factory Building	Plant and Equipment	Furniture and Fixtures	Vehicles (Refer Note No. 5.1)	Office Equipment	Total
(A) Gross Carrying Amount									
As at March 31, 2021	1,994.51	119.24	45.63	1,205.54	23,676.14	79.15	266.64	229.52	27,616.37
Additions/Adjustments	4.20	-	-	190.54	1,649.13	7.57	40.62	15.89	1,907.95
Less: Disposals/Adjustments	-	-	-	-	1,061.52	-	4.08	-	1,065.60
As at March 31, 2022	1,998.71	119.24	45.63	1,396.08	24,263.75	86.72	303.18	245.41	28,458.72
Additions/Adjustments	-	-	19.80	192.62	1,529.46	3.66	17.56	30.78	1,793.88
Less: Disposals/Adjustments	-	-	-	-	174.04	-	23.81	-	197.85
As at March 31, 2023	1,998.71	119.24	65.43	1,588.70	25,619.17	90.38	296.93	276.19	30,054.75
(B) Accumulated Depreciation									
As at March 31, 2021	-	7.46	15.10	260.27	10,206.46	45.07	123.98	164.73	10,823.07
Charge for the Year	-	1.49	18.71	51.17	2,457.87	7.68	33.55	25.16	2,595.63
Less: Disposals/Adjustments	-	-	-	-	994.28	-	3.09	-	997.37
As at March 31, 2022	-	8.95	33.81	311.44	11,670.05	52.75	154.44	189.89	12,421.33
Charge for the Year	-	1.49	10.48	55.18	2,556.25	7.07	31.63	21.89	2,683.99
Disposals/Adjustments	-	-	-	-	113.85	-	9.61	-	123.46
As at March 31, 2023	-	10.44	44.29	366.62	14,112.45	59.82	176.46	211.78	14,981.86
(C) Net Carrying Amount (A-B)									
As at March 31, 2022	1,998.71	110.29	11.82	1,084.64	12,593.70	33.97	148.74	55.52	16,037.39
As at March 31, 2023	1,998.71	108.80	21.14	1,222.08	11,506.72	30.56	120.47	64.41	15,072.89

5.1 Includes ₹ 77.89 Lakhs (March 31, 2022: ₹ 125.91 Lakhs) acquired on Hire Purchase basis and under continued hire purchase agreement. Present liability for the same is ₹16.98 Lakhs (March 31, 2022: ₹ 34.13 Lakhs) out of which ₹14.30 Lakhs (March 31, 2022: ₹ 17.15 Lakhs) is payable within one year.

5.2 Refer Note No. 19.1 and 23.1 to financial statement in respect of charge created against borrowings.

5.3 The title deeds/ lease deeds of all the immovable properties are held in the name of the company.

6. Capital Work In Progress (CWIP)

As at March 31, 2023

(₹ In lakhs)

Particulars	Amount
As per last Balance Sheet	0.29
Add: Addition during the year	24.23
Less: Capitalisation during the year	(0.29)
As at March 31, 2023	24.23

As At March 31,2022

(₹ In lakhs)

Particulars	Amount
As per last Balance Sheet	73.65
Add: Addition during the year	-
Less: Capitalisation during the year	(73.36)
As at March 31, 2022	0.29

Notes to Financial Statements for the year ended March 31, 2023

(₹ In lakhs)

6.1 Ageing Schedule of Capital Work in Progress

Particulars	Amount in CWIP for a Period of				As at March 31, 2023	Amount in CWIP for a Period of				As at March 31, 2022
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years		Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress										
Air Drier	-	-	-	-	-	0.29	-	-	-	0.29
Used CNC Gear Shaping Machine	24.23	-	-	-	24.23	-	-	-	-	-
Total	24.23	-	-	-	24.23	0.29	-	-	-	0.29

7. Intangible Assets

As at March 31, 2023

(₹ In lakhs)

Particulars	Computer Software	Total
(A) Gross carrying Amount		
As at March 31, 2021	166.86	166.86
Addition	-	-
Disposals/Adjustments	-	-
As at March 31, 2022	166.86	166.86
Addition	19.20	19.20
Disposals/Adjustments	-	-
As at March 31, 2023	186.06	186.06
(B) Accumulated Amortisation		
As at March 31, 2021	157.20	157.20
Charge for the year	3.32	3.32
Disposals/Adjustments	-	-
As at March 31, 2022	160.52	160.52
Charge for the year	4.76	4.76
Disposals/Adjustments	-	-
As at March 31, 2023	165.28	165.28
(C) Net Carrying Amount (A-B)		
As at 31st March 2022	6.34	6.34
As at 31st March 2023	20.78	20.78

7.1 There are no intangible assets which are under development.

Notes to Financial Statements for the year ended March 31, 2023

(₹ In lakhs)

8. Non-current Investments

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Investment in Equity instruments (Fully Paid up)			
In Subsidiary			
Unquoted, Measured at Cost			
Lotus Auto Engineering Limited		436.00	-
43,60,000 Nos. (March 31, 2022: Nil) of Rs. 10/- each fully paid-up			
Investment in Debentures (Fully Paid up)			
Unquoted, Measured at Amortised Cost			
Lotus Auto Engineering Limited	8.2	2,177.83	-
3,364 Nos. (March 31, 2022: Nil) of Zero Coupon Secured Optionally Fully Convertible Debentures of Rs. 1,00,000/- each fully paid-up			
Investment in Preference Shares of Body Corporate			
Unquoted, Measured at Amortised Cost			
50,00,000 Nos. (March 31, 2022: 50,00,000 Nos.) 3% Non-Convertible Non-cumulative Redeemable Preference Share of Rs. 10/- each fully paid up of M/s. Brua Hydrowatt Private Limited	8.3	151.87	137.09
		2,765.70	137.09

8.1 Additional Information

(₹ In lakhs)

Aggregate amount of Unquoted Investment	2,765.70	137.09
---	----------	--------

- 8.2 (a) The Company has acquired on a going concern basis Lotus Auto Engineering Limited (LAEL), a manufacturing company under liquidation process as per the provisions of the Insolvency and Bankruptcy Code, 2016. Pursuant to this, the Company has invested Rs. 3,800 Lakhs comprising of 3,364 number of optionally fully convertible secured Debentures of Rs. 1 Lakh each and 43,60,000 number of Equity Shares of Rs. 10 each during the year ended 2021-2022 and thereby, LAEL became wholly owned subsidiary of the company. National company Law tribunal (NCLT) vide it's order delivered on 7th September, 2022 confirmed the said transaction and has directed the liquidator to provide necessary support and assistance to complete the said acquisition. Pursuant to this, the Company has thus acquired the control of the company and the affairs of the same are currently managed by the Board of Directors of the said subsidiary.
- (b) Zero Coupon Secured Optionally Fully Convertible Debentures (SOFCDs) have a term of 10 years from the date of allotment which may further be extended on mutual agreement with the LAEL. These SOFCDs are redeemable along with assured premium of 5% per annum ("SOFCDs Redemption Premium") at time of redemption or are convertible at the option of the holder into such number of Equity shares of LAEL which will give a minimum annual rate of return of 3% from the date of allotment of SOFCDs.
- 8.3 These Preference shares will have the maximum term of 20 years from the date of allotment (i.e. from 21st October 2014 for first 20,00,000 Preference Shares, 19th November 2014 for next 20,00,000 Preference Shares and 27th November 2014 for remaining 10,00,000 Preference Shares). However, these shares can be redeemed earlier at the option of the Company but not before 3 years from the date of allotment.
- 8.4 Refer Note no. 45 for information about Fair Value Measurement.
- 8.5 Refer Note no. 10.3.
- 8.6 Particulars of investments as required in terms of section 186 (4) of the Companies Act, 2013, have been disclosed under Note no. 8 above.

Notes to Financial Statements for the year ended March 31, 2023

(₹ In lakhs)

9. Other Non Current Financial Assets

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)			
At Amortised Cost			
Security Deposits			
Considered Good	10.3	257.72	254.37
Considered Doubtful		-	-
Less : Impairment allowances for doubtful deposits	9.1	-	-
Fixed Deposit with bank (having maturity more than one year)	9.2	1.89	3.71
		259.61	258.08

9.1 Movement of Impairment allowances for doubtful deposits

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year		-	0.88
Recognised/(Reversed) during the year		-	(0.88)
Balance at the end of the year		-	-

9.2 Includes amount kept as lien against:

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Bank Guarantee/Letter of credit		1.89	3.71
		1.89	3.71

10. Other Non-current Assets

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Capital Advances		1,843.52	127.55
Advances other than capital advances			
Investment in LAEL	10.1	-	3,800.00
Advance Tax including Tax Deducted at Source	10.2	378.46	337.43
Deferred loss on fair valuation of financial instrument	10.3	1,310.52	252.88
		3,532.50	4,517.86

- 10.1. The Company acquired on a going concern basis Lotus Auto Engineering Limited (LAEL), a manufacturing company under liquidation process as per the provisions of the Insolvency and Bankruptcy Code, 2016. Pursuant to this, the Company invested ₹ 3,800 Lakhs and 3,364 number of Zero Coupon optionally fully convertible secured Debentures of ₹ 1 Lakh each and 43,60,000 number of Equity Shares of ₹ 10 each have been issued on provisional basis by the liquidator during the previous year and thereby, LAEL became wholly owned subsidiary of the company. This were however, subject to approval from the Adjudicating Authority (AA) and closure of liquidation process. Pending this, the above amounts had been included under Other Non Current Assets above during the previous year and the affairs of the said company were not considered for consolidation.
- 10.2 Advance Tax including Tax deducted at Source is net of provision for tax of ₹ 9,576.95 Lakhs (March 31, 2022: ₹ 15,864.41 Lakhs).
- 10.3 Represents the differential arising on the fair valuation of such financial assets at amortised cost and amortised over the tenure of said financial assets.
- 10.4 Refer Note no. 16.1.

Notes to Financial Statements for the year ended March 31, 2023

(₹ In lakhs)

11. Inventories

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Raw Materials	11.1	3,514.43	3,961.58
Work in Progress	11.1	2,239.92	2,703.95
Finished Goods		625.56	674.57
Stores and Spares	11.1	1,790.08	1,523.44
Scraps		7.75	15.81
		8,177.74	8,879.35

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
11.1 Includes goods in transit in respect of			
-Raw Material		8.63	5.21
-Work in Progress		2.69	1.19
-Stores and Spares		1.18	18.07

11.2 Refer Note No. 19.1 and 23.1 to financial statement in respect of charge created against borrowings.

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

12. Current- Trade Receivables

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Unsecured			
Considered Good		20,119.49	14,727.52
Considered Doubtful/Credit Impaired		153.13	153.13
Less: Impairment Allowances for doubtful trade receivables	12.2	(153.13)	(153.13)
		20,119.49	14,727.52

12.1 Trade Receivables ageing schedule based on the due date for payment there against are as follows: (₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Undisputed Trade Receivables - Considered Good			
-Within the credit period		17,343.73	2,067.74
-Less than 6 Months		1,079.11	11,367.00
-6 months - 1 Year		528.79	256.45
-1-2 Years		334.13	185.65
-2-3 Years		126.36	144.07
-More than 3 Years		650.70	649.94

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Undisputed Trade Receivables - Considered Doubtful			
-Within the credit period		-	-
-Less than 6 Months		-	-
-6 months - 1 Year		-	-
-1-2 Years		-	-
-2-3 Years		-	-
-More than 3 Years		153.13	153.13

Notes to Financial Statements for the year ended March 31, 2023

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Disputed Trade Receivables - Considered Good			
-Within the credit period		-	-
-Less than 6 Months		-	-
-6 months - 1 Year		-	-
-1-2 Years		-	-
-2-3 Years		-	-
-More than 3 Years		56.67	56.67

12.2 Movement of Impairment allowances for bad and doubtful trade receivables (₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year		153.13	153.13
Recognised/(Reversed) during the year		-	-
Balance at the end of the year		153.13	153.13

12.3 Refer Note No.19.1 and 23.1 to financial statement in respect of charge created against borrowings.

12.4 Trade receivables are non- interest bearing and generally on credit terms of 30 to 90 days

12.5 No trade receivable are due from directors or other officers of the company either severally or jointly with any other person nor due from firms or private companies respectively in which any director is a partner, a director or a member.

13. Cash and Cash Equivalents

(As certified by the management)

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Balances with banks			
In current account		897.21	570.34
Earmarked Balances with Bank			
Unspent amount for Corporate Social Responsibility		-	25.50
Cash on hand		6.31	7.25
		903.52	603.09

14. Other Bank Balances (₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Fixed deposits with Banks (having maturity of more than 3 months and less than 12 months)	14.1	22,589.00	17,713.70
Earmarked Balances with Bank			
Unpaid Dividend	14.2	147.69	147.14
		22,736.69	17,860.84

14.1 Includes amount kept as lien against: (₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Bank Guarantee/Letter of credit		0.10	1.70
Government Authorities		1.00	1.00

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

Notes to Financial Statements for the year ended March 31, 2023

15. Current- Other Financial Assets

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)			
At Amortised cost			
Security Deposit			
Considered good		28.33	38.01
Considered doubtful		-	-
Less : Impairment allowances for doubtful deposits	15.1	-	-
		28.33	38.01
Interest accrued on deposits		683.14	378.24
Advances to Employees		19.18	16.04
Rent and other receivables		15.29	13.76
		745.94	446.05

15.1 Movement of Impairment allowances for doubtful Deposits

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Balance as at the beginning of the year		-	0.53
Recognised/(Reversed) during the year		-	(0.53)
Balance at the end of the year		-	-

16. Other Current Assets

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Advances other than capital advances			
Advances against goods and services		1,386.32	1,118.34
Balances with government authorities		187.32	138.71
Prepaid expenses	16.2	85.20	83.34
Deferred loss on fair valuation of financial instruments	10.3	150.02	22.69
Other Advances		2.49	-
		1,811.35	1,363.08

16.1 No advances (non-current and current) are due from directors or other officers of the company either severally or jointly with any other person nor due from firms or private companies respectively in which any director is a partner, a director or a member.

16.2 Other Advances include ₹ 2.43 Lakhs (March 31, 2022: ₹ Nil) expenditure in excess of the limit specified under section 135 of the Companies Act, 2013 for Corporate Social Responsibility (CSR).

17. Equity Share Capital

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Authorised			
53,00,000 Equity Shares of ₹ 10/- each (March 31, 2022: 53,00,000 Nos)		530.00	530.00
20,000 Redeemable Cumulative Preference Shares of ₹100/- each (March 31, 2022: 20,000 Nos)		20.00	20.00
Issued, Subscribed and Paid-up:			
39,56,433 Equity Shares of ₹ 10/- each (March 31, 2022: 39,56,433 Nos)		395.64	395.64
		395.64	395.64

Notes to Financial Statements for the year ended March 31, 2023

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

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

Particulars	Note No.	Number of Equity Shares held	Number of Equity Shares held
Balance as at April 1, 2021		39,56,433	39,56,433
Changes during the year		-	-
Balance as at March 31, 2022		39,56,433	39,56,433
Changes during the year		-	-
Balance as at March 31, 2023		39,56,433	39,56,433

17.2.1 The aggregate number of equity shares bought back in immediately preceding last five years ended March 31, 2023: 10,99,630 equity shares (previous period of five years ended March 31, 2022: 10,99,630 equity shares).

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

Name of Equity Shareholders	Note No.	Number of Equity Shares held	
		As at March 31, 2023	As at March 31, 2022
Pradip Kumar Daga	17.3.1	-	2,07,700
Yashwant Kumar Daga		12,36,819	5,24,313
Asha Devi Daga	17.3.1	-	6,04,806
Nandini Daga		9,70,625	8,70,625
Coplama Products Private Limited		5,24,600	5,24,600
Jalpaiguri Holdings Private Limited		6,18,312	6,18,312

17.3.1 The percentage of shareholding has been reduced from 5.25% and 15.29% to Nil and Nil respectively on being transfer of shares by Pradip Kumar Daga and Asha Devi Daga respectively.

17.4 Details of Shareholdings by the Promoter/Promoter Group is given below :

Promoter/Promoter Group Name	As at March 31, 2023		As at March 31, 2022		Percentage Change during the year
	Number of Shares	% Holding	Number of Shares	% Holding	
Promoter					
Yashwant Kumar Daga	12,36,819	31.26%	5,24,313	13.25%	18.01%
Pradip Kumar Daga	-	0.00%	2,07,700	5.25%	-5.25%
Promoter Group					
Nandini Daga	9,70,625	24.53%	8,70,625	22.01%	2.52%
Asha Devi Daga	-	0.00%	6,04,806	15.29%	-15.29%
Coplama Products Private Limited	5,24,600	13.26%	5,24,600	13.26%	0.00%

18. Other Equity

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Capital Reserve			
As per last Balance Sheet		35.36	35.36
As at Balance Sheet date	18.2	35.36	35.36
Capital Redemption Reserve			
As per last Balance Sheet		134.17	134.17
As at Balance Sheet date	18.3	134.17	134.17

Notes to Financial Statements for the year ended March 31, 2023

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Retained Earnings			
As per last Balance Sheet		43,878.90	35,750.25
Profit for the year		11,756.98	8,305.71
Transfer from Other Comprehensive Income		(4.65)	20.76
Less: Final Dividend		(395.64)	(197.82)
As at Balance Sheet date	18.4	55,235.59	43,878.90
Other Comprehensive Income			
Re-measurement of defined benefit plan			
As per last Balance Sheet		-	-
Other Comprehensive Income for the year		(4.65)	20.76
Transfer to retained earnings		4.65	(20.76)
As at Balance Sheet date	18.5	-	-
		55,405.12	44,048.43

Note

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

18.2 Capital Reserve

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Government Grant Received		35.36	35.36

18.3 Capital Redemption Reserve

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

18.4 Retained Earnings

Retained earnings generally represent the undistributed profit/amount of accumulated earnings of the company. This includes Other Comprehensive Income of ₹ (11.08 Lakhs) (March 31, 2022: ₹ (6.43 Lakhs)) relating to remeasurement of defined benefit plans (net of tax) which cannot be reclassified to Statement of Profit and Loss. This also includes ₹ 77.42 Lakhs (March 31, 2022: ₹77.42 Lakhs) which is not available for distribution as these are represented by changes in carrying amount of Property, Plant and Equipment on account of fair valuation in earlier years.

18.5 Other Comprehensive Income

Other Comprehensive Income represents gain/losses on defined benefit obligations which is transferred to retained earnings as stated in Note 18.4 above.

18.6 Dividend

Subsequent to the Balance Sheet date, the Board of Directors has recommended a dividend of ₹ 10/- per Share to be paid on fully paid Equity Shares in respect of the Financial Year ended March 31, 2023. This Equity dividend is subject to approval by Shareholders at the ensuing Annual General Meeting and has not been recognised as a Liability in these Financial Statements. The total estimated Equity dividend to be paid is ₹395.64 Lakhs.

19. Borrowings

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023		As at March 31, 2022	
		Non Current	Current	Non Current	Current
At Amortised Cost					
Secured					
From Banks					
-Term Loan/Guaranteed Emergency Credit Line (GECL)	19.1	466.52	599.99	1,065.73	932.25
-Vehicle Loan	19.2	2.68	14.30	16.98	17.15
		469.20	614.29	1,082.71	949.40

Notes to Financial Statements for the year ended March 31, 2023

- 19.1 Term loan/Corporate Loan/GECL facility is secured by way of 1st hypothecation charge of plant and machinery, freehold Industrial property, building and factory shed and movable fixed assets of the company and is collaterally secured by 2nd hypothecation charge on current assets of the company. Rate of interest being 1.75% above base rate for Corporate Loan and 1% above 6 months MCLR for GECL facilities is repayable at unamortised cost as follows:

Financial Year	Amount in ₹ Lakhs
2023-2024	599.99
2024-2025	400.00
2025-2026	66.67
Total	1,066.66

- 19.2 Secured by hypothecation of vehicles acquired there against. Rate of interest varies between 8.5 % to 9.75% and is repayable at unamortised cost as follows:

Financial Year	Amount in ₹ Lakhs
2023-2024	14.30
2024-2025	2.68
Total	16.98

- 19.3 19.3 As available from web page of Ministry of Corporate Affairs, charges against assets in respect of secured loans taken have been registered with ROC. However, in cases of certain vehicles acquired through financing arrangements in the year 2018 -2019, such charges have not been registered with ROC. Amount outstanding in this respect is ₹ 5.38 Lakhs (March 31, 2022: ₹13.98 Lakhs) which is repayable within one year.

The Company has a system of filing the charge satisfaction e-form with MCA, within the timelines, as and when it receives NOCs from the respective charge holders.

- 19.4 The borrowings obtained by the company from banks have been applied for the purposes for which such loans were taken. In respect of the term loans which were taken, those were applied in the respective year for the purpose for which the loans were obtained.

20. Other Non-Current Financial Liabilities

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
At Amortised Cost			
External Development Charges		400.28	400.28
		400.28	400.28

21. Non Current Provision

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	44	204.75	212.11
		204.75	212.11

22. Deferred Tax Liabilities

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

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Deferred tax assets		88.97	89.93
Deferred tax liabilities		(610.58)	(798.75)
Net Deferred Tax Assets/(Liabilities)		(521.61)	(708.82)

Notes to Financial Statements for the year ended March 31, 2023

22.1 Components of Deferred Tax Liabilities/(Assets) as at March 31, 2023 are given below: (₹ In lakhs)

Particulars	As at April 1, 2022	Charge/ (Credit) recognised in statement of Profit and loss	Charge/ (Credit) recognised in other comprehensive income	As at March 31, 2023
Deferred Tax Assets:				
Expenses allowed on payment basis	89.93	0.96	-	88.97
Total Deferred Tax Assets	89.93	0.96	-	88.97
Deferred Tax Liabilities:				
Timing difference with respect to Property, Plant and Equipment and Intangible assets	760.03	(187.82)	-	572.21
Fair valuation of financial assets and financial liabilities	28.30	1.21	-	29.51
Remeasurement of defined benefit obligations	10.42	-	(1.56)	8.86
Total Deferred Tax Liabilities	798.75	(186.61)	(1.56)	610.58
Net Deferred Tax Liabilities/(Assets)	708.82	(185.65)	(1.56)	521.61

22.2 Components of Deferred Tax Liabilities/(Assets) as at March 31, 2022 are given below: (₹ In lakhs)

Particulars	As at April 1, 2021	Charge/ (Credit) recognised in statement of Profit and loss	Charge/ (Credit) recognised in other comprehensive income	As at March 31, 2022
Deferred Tax Assets:				
Expenses allowed on payment basis	76.58	(13.35)	-	89.93
Total Deferred Tax Assets	76.58	(13.35)	-	89.93
Deferred Tax Liabilities:				
Timing difference with respect to Property, Plant and Equipment and Intangible assets	891.79	(131.76)	-	760.03
Fair valuation of financial assets and financial liabilities	17.31	10.99	-	28.30
Remeasurement of defined benefit obligations	3.44	-	6.98	10.42
Total Deferred Tax Liabilities	912.54	(120.77)	6.98	798.75
Net Deferred Tax Liabilities/(Assets)	835.96	(134.12)	6.98	708.82

23. Current Borrowings (₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Secured From Banks			
Working Capital Loan Repayable on demand	23.1	7,742.34	6,233.83
Current maturities of Long-term debt	19	599.99	932.25
Current maturities of Vehicle Loan	19	14.30	17.15
		8,356.63	7,183.23

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

23.2 Also refer Note No. 19.3 for status of filing and satisfaction of charges with ROC.

23.3 In respect of the Company's borrowings on the basis of securities of Current Assets, quarterly statements filed with the banks are in agreement with the unaudited books of accounts of the company.

Notes to Financial Statements for the year ended March 31, 2023

24. Trade Payables

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprise and small enterprises	24.1	740.93	780.85
Total outstanding dues of creditors other than micro enterprise and small enterprises	24.2	5,438.79	5,843.66
		6,179.72	6,624.51

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

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
(a) The Principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year		740.93	780.85
(b) The amount of the interest paid by the buyer in terms of section 16 of MSMED Act (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.		-	-
(c) The amount of the interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.		-	-
(d) The amount of Interest accrued and remaining unpaid at the end of each accounting year.		19.03	6.25
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED, Act 2006.		-	-

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

24.3 Trade Payable ageing schedule based on the outstanding based on the period from date of payment are as follows:

(₹ In lakhs)

Undisputed - Non MSME	As at March 31, 2023	As at March 31, 2022
Within credit period	4,321.68	4,768.11
Less than 1 year	705.19	701.40
1-2 years	147.02	83.36
2-3 years	24.31	44.36
More than 3 years	240.59	246.43

(₹ In lakhs)

Undisputed - MSME	As at March 31, 2023	As at March 31, 2022
Within credit period	457.82	532.14
Less than 1 year	283.11	232.15
1-2 years	-	5.54
2-3 years	-	8.85
More than 3 years	-	2.17

Notes to Financial Statements for the year ended March 31, 2023

25. Current- Other Financial Liabilities

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Financial Liabilities at amortised cost			
Security Deposit		25.81	-
Liability for capital goods			
Total outstanding dues of micro enterprise and small enterprises	25.1	-	-
Total outstanding dues of Creditors other than micro enterprise and small enterprises		228.37	407.48
Liability relating to employees		684.81	439.46
Liability relating to Others		88.14	90.99
Unpaid/unclaimed Dividend		147.69	147.14
Interest Accrued	25.2	41.20	37.03
		1,216.02	1,122.10

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

25.2 Includes interest accrued ₹19.03 Lakhs (March 31, 2022: ₹ 6.25 Lakhs) on delayed payment to suppliers as defined under the "Micro, Small and Medium Enterprise Development Act, 2006" (the Act).

26. Current- Other Liabilities

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Statutory dues (includes Goods and Services Tax, Provident Fund, Employees State Insurance, Tax Deducted at Source, etc.)		1,004.02	559.61
Advances from Customers	26.1	1,289.10	1,368.41
Security deposit		-	79.06
Deferred Government Grant	26.2	221.07	309.85
Others	26.3	57.00	602.00
		2,571.19	2,918.93

26.1 Contract Balances

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

26.2 Details of Government Grant are as follows:

(₹ In lakhs)

Particulars	In respect of Duty benefit availed under Export Promotion Capital Goods (EPCG) Scheme on purchase of property, plant and equipment accounted for as government grant. Income from such grant is estimated on the basis of fulfilment of related export obligations.	
	As at March 31, 2023	As at March 31, 2022
As at the beginning of the year	309.85	364.61
Add: Received during the year	-	-
Less: Transfer to Statement of Profit and Loss	88.78	54.76
As at the end of the year	221.07	309.85

The above relates to export obligation/commitment of ₹1,525.40 Lakhs (March 31, 2022: ₹1,865.32 Lakhs) to be completed before the expiry of the time stipulated under the scheme. The amount of the Deferred Government Grant is adjusted to the Statement of Profit and Loss in proportion to the export obligation being completed on year to year basis.

26.3 ₹ Nil (March 31, 2022: ₹545 Lakhs) received from LAEL, which pending completion of liquidation process was included under Others.

Notes to Financial Statements for the year ended March 31, 2023

27. Provisions

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	44	173.98	125.10
		173.98	125.10

28. Current Tax Liabilities

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Provisions for Income Tax	28.1	251.94	-
		251.94	-

28.1 Provision for Income Tax is net of Advance Tax including Tax deducted at Source of ₹10,253.71 Lakhs.

29(i). Revenue From Operations

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of Products		78,453.77	62,023.61
Other Operating Revenue			
Sale of Scrap		1,393.98	1,153.50
Sale of Service		202.86	123.33
Export Incentives		108.97	69.29
		80,159.58	63,369.73

29(i).1 Disaggregation of Revenue

Revenue based on Business Segment

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Automobile gears	69,918.19	55,429.62
Industrial gears	9,962.89	7,768.51
Solar power	278.50	171.60
Total	80,159.58	63,369.73

Revenue based on Geography

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Domestic	79,371.35	62,759.49
Export	788.23	610.24
Total	80,159.58	63,369.73

29(ii). Other Income

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Income			
On Bank Deposits and others		1,358.00	819.62
On Financial assets measured at amortised costs		99.31	14.22
Other non-operating income (net of expenses directly attributable to such income)			
Profit on sale of Property, Plant and Equipment (net)		42.47	326.09
Liabilities and Unclaimed Balances written back		186.81	43.77
Gain on Foreign Currency transactions and translations		20.14	-
Rent income	29(ii).1	1.60	1.60
Miscellaneous Income		152.25	111.24
		1,860.58	1,316.54

Notes to Financial Statements for the year ended March 31, 2023

29(ii).1 The Company has certain operating lease arrangements for residential and office accommodation. Income earned on account of rent during the year has been recognized in the Statement of Profit and Loss amounting to ₹ 1.60 Lakhs (March 31, 2022: ₹ 1.60 Lakhs).

30. Cost of Materials Consumed

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Inventories		3,961.58	4,658.92
Add : Purchase		37,119.75	30,041.90
		41,081.33	34,700.82
Less: Closing Inventories		3,514.43	3,961.58
		37,566.90	30,739.24

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

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Stock			
Finished Goods		674.57	849.74
Work in Progress		2,703.95	1,966.30
Scrap		15.81	4.09
		3,394.33	2,820.13
Less: Closing Stock			
Finished Goods		625.56	674.57
Work in Progress		2,239.92	2,703.95
Scrap		7.75	15.81
		2,873.23	3,394.33
(Increase)/ Decrease in Inventories of finished goods, Stock-in-Trade and work-in-progress		521.10	(574.20)

32. Employee Benefits Expense

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and Wages		7,245.57	6,467.95
Contribution to Provident and Other Funds	44	365.71	345.90
Staff Welfare Expenses		262.03	230.49
		7,873.31	7,044.34

33. Finance Costs

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense		581.20	513.72
Interest Expense on Finance Lease		1.67	2.02
Other Borrowing Costs		23.48	69.32
		606.35	585.06

34. Depreciation and amortisation expense

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on Property, Plant and Equipment (including Right-of-use Assets)	5	2,683.99	2,595.63
Amortisation on Intangible assets	7	4.76	3.32
		2,688.75	2,598.95

Notes to Financial Statements for the year ended March 31, 2023

35. Other Expenses

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Consumption of Stores, Spare Parts and Packing Materials		5,261.36	4,113.72
Power and Fuel		3,436.32	2,914.67
Job Charges		2,913.99	2,231.98
Repairs and Maintenance to Buildings		182.92	59.67
Repairs and Maintenance to Machinery		1,649.48	1,039.10
Brokerage and Commission on Sales		58.70	54.28
Transport and Forwarding Expenses		1,111.74	964.49
Rent	36	73.39	73.96
Donation		30.00	20.00
Auditors' Remuneration	35.1	14.35	17.35
Bad Debt		108.89	0.27
Exchange Difference (Net)		-	1.95
Amortisation of deferred portion of Financial instruments		86.03	22.66
Sundry Balances Written Off		24.45	-
Miscellaneous Expenses	35.2	2,022.58	1,641.75
		16,974.20	13,155.85

35.1 Details of Auditors' Remuneration

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit Fees		12.10	12.10
Certification and other services		2.25	5.25
		14.35	17.35

35.2 Includes ₹ 160.75 Lakhs (March 31, 2022: 136.20 Lakhs) on account of Corporate Social Responsibility (CSR). Gross amount required to be spent by the company during the year ₹ 160.75 Lakhs (March 31, 2022: ₹ 136.15 lakhs).

35.2.1 Company has carried forward of amount on account of excess expenses made in the previous year of ₹ Nil (March 31, 2022: ₹ Nil) which has been utilised for the current year.

Details of amount spent

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount required to be spent during the year	160.75	136.15
Add: Balance of unspent amount of earlier years	25.50	25.50
Utilisation of excess spent amount carried forward	-	-
Balance amount required to be spent during the year	186.25	161.65
Amount spent during the year	188.68	136.20
Excess amount spent during the year	2.43	-
- Amount to be carried forward	2.43	-

35.2.2 The breakup of CSR expenditure under various heads of expenses incurred is as below:-

(₹ In lakhs)

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	Amount spent	Amount provided for	Total	Amount spent	Amount provided for	Total
(i) Health Care and Sanitation	101.08	-	101.08	78.69	-	78.69
(ii) Education and Skill Development	52.50	-	52.50	29.00	-	29.00
(iii) Women Empowerment /Senior Citizen	-	-	-	25.81	-	25.81
(iv) Environment and Animal Welfare	9.60	-	9.60	2.70	-	2.70
Total (Refer Note no. 35.2.2.1)	163.18	-	163.18	136.20	-	136.20

Notes to Financial Statements for the year ended March 31, 2023

35.2.2.1 Includes ₹ 2.43 Lakhs (March 31, 2022: ₹ Nil) being excess amount spent during the year and shown as other advances under Note no. 16.2.

35.2.3 Amount spent during the year on:

(₹ In lakhs)

Particulars	Year ended March 31, 2023			Year ended March 31, 2022		
	Paid	Yet to be paid	Total	Paid	Yet to be paid	Total
i) Construction/acquisition of any assets	73.04	-	73.04	73.37	-	73.37
ii) On purpose other than (i) above (Refer Note no. 35.2.3.1)	115.64	-	115.64	62.83	-	62.83

35.2.3.1 Includes ₹ 25.50 Lakhs (March 31, 2022: ₹ Nil) incurred pertaining to earlier years and also includes ₹ 2.43 Lakhs (March 31, 2022: ₹ Nil) being excess amount spent during the year and shown as other advances under Note no. 16.2.

36. Disclosures regarding leases as per IND AS -116 "Leases"

Treatment of Leases as per Ind AS 116 :

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The Company has applied the following practical expedients on initial application of Ind AS 116:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
- Excluded the initial direct costs, if any from the measurement of the right-of-use asset at the date of recognition of right-of-use asset.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- The weighted average incremental borrowing rate applied to leases recognised during FY 2022-23 is 9.01%.
 - Nature of lease: The Company's significant leasing arrangements is in respect of Land and Premises for offices on lease which are not non-cancellable and are usually renewable on mutually agreeable terms.
 - The Company has incurred ₹ **73.39 Lakhs** and ₹ **73.96 Lakhs** for the year ended March 31, 2023 and March 31, 2022 respectively towards rental expenses relating to short term leases and leases of low value assets. The total cash outflow for leases is ₹ **73.39 Lakhs** and ₹ **73.96 Lakhs** for the year ended March 31, 2023 and March 31, 2022 respectively.
 - Movement in lease liabilities during the year:

(₹ In lakhs)

Particulars	March 31, 2023	March 31, 2022
Opening Balance	15.12	34.05
Additions in lease liabilities	19.80	-
Finance cost accrued during the year	1.67	2.02
Less: Payment of lease liabilities	(12.23)	(20.95)
Closing Balance	24.36	15.12

Notes to Financial Statements for the year ended March 31, 2023

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

(₹ In lakhs)

Particulars	March 31, 2023	March 31, 2022
Not later than one year	13.46	8.56
Later than one year and not later than five years	11.93	6.68
Later than five years	12.98	13.16

(v) Lease Liabilities

(₹ In lakhs)

Particulars	Note No.	As at March 31, 2023		As at March 31, 2022	
		Non-Current	Current	Non-Current	Current
Lease Liabilities		12.99	11.37	8.10	7.02
Total		12.99	11.37	8.10	7.02

37. Tax Expenses

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Tax		
In respect of Current Year	4,218.22	2,965.44
Total Current tax expense recognised in the current year	4,218.22	2,965.44
Deferred Tax		
In respect of the current year	(185.65)	(134.12)
Total Deferred tax expense recognised in the current year	(185.65)	(134.12)
Total Tax expense recognised in the Statement of Profit and Loss	4,032.57	2,831.32

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

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

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax	15,789.55	11,137.03
Income tax expense calculated at 25.168% as applicable for corporate entities on taxable profits under the Indian tax laws.	3,973.91	2,802.97
Add: Effect of Expenses that are not deductible in determining Taxable Profit		
Expenses not allowed for Tax Purposes	40.45	34.28
Effect of other adjustments	18.21	(5.93)
Income tax expense recognised in the statement of profit and loss	4,032.57	2,831.32

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

Notes to Financial Statements for the year ended March 31, 2023

37.2 Income tax recognized in Other Comprehensive income

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Deferred tax charge on:		
Remeasurement gains of defined benefit obligation	(1.56)	6.98
Income tax recognized in Other Comprehensive income	(1.56)	6.98
Bifurcation of the income tax recognized in Other comprehensive income into:		
Items that will be reclassified to profit or loss	-	-
Items that will not be reclassified to profit or loss	(1.56)	6.98

37.3 Components of Other Comprehensive Income

(₹ In lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Items that will not be reclassified to statement of profit or loss		
Remeasurement of defined benefit obligation (net of tax)	(4.65)	20.76
	(4.65)	20.76

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

Contingent Liabilities

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Claims against the Company not acknowledged as Debt			
Various show cause notices/demands issued/raised (including interest to the extent ascertained) pending before at different levels of appeal. These matter in the opinion of the management are not tenable.			
Central Excise/Service Tax/Sales tax matter under appeal Disallowances of Input Tax credits. (The company has deposited ₹ 2,00,000 (March 31, 2022: ₹ 2,00,000) in earlier years against the said claim and has carried the same under Other Current Assets.)		4.19	4.19
Income Tax matters under appeal- Short allowances of claims under Section 80 IC, MAT Credits and other disallowances contested by the Company		392.52	341.49
Interest on External Development Charges		34.21	31.17
Other Claims not acknowledged as debt		23.06	23.06

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

Notes to Financial Statements for the year ended March 31, 2023

Capital and Other Commitments

(₹ In lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Capital Commitment: Estimated amount of contracts remaining to be executed on capital account and not provided for: net of advance of ₹ 1,843.52 Lakhs (March 31, 2022: ₹ 127.55 Lakhs)		2,729.25	311.28
Other Commitment: Future export obligation/commitments under import of capital goods at concessional rate of Custom Duty.		1,525.40	1,865.32

39. Contingent Assets

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

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

(A) Names of related parties and nature of relationship

(i) Entity over which control exists:

- (a) Lotus Auto Engineering Limited

(ii) Key Managerial Personnel and their relatives

- (a) Pradip Kumar Daga- Chairman cum Managing Director
- (b) Yashwant Kumar Daga- Vice-Chairman cum Joint Managing Director
- (c) Anand Prasad Agarwalla- Independent Director
- (d) Meera Dokania- Independent Director - upto 22nd May, 2022
Meera Dokania- Non independent Director - with effect from 23rd May, 2022
- (e) Sujit Chakravorti-Independent Director
- (f) Ganapathy Anantha Narayanan-Independent Director - with effect from 12th February, 2022
- (g) Niraj Agarwala-Relative of the Director
- (h) Amritesh Daga -Relative of the Director

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

- (a) Deepak Spinners Limited
- (b) Brua Hydrowatts Private Limited
- (c) Coplama Products Private Limited
- (d) Bansidhar Daga Foundation - Trust
- (e) Daga Seva Nidhi - Trust

(iv) Post Employment Benefit Plan

- (a) Deepak Industries Provident Fund
- (b) Deepak Industries Gratuity Fund

Notes to Financial Statements for the year ended March 31, 2023

(v) Aggregate amount of transactions with related parties:

(₹ In lakhs)

Nature of Transaction	Note No.	Name of Related Party	For the year ended March 31, 2023	For the year ended March 31, 2022
(a) Remuneration (included in Employee Benefits Expense)		Yashwant Kumar Daga	210.00	156.68
(b) Sitting Fees		Anand Prasad Agarwalla	2.55	0.92
		Meera Dokania	1.80	0.90
		Sujit Chakravorti	1.45	0.68
		Ganpathy Anantha Narayanan	1.60	-
(c) Commission		Anand Prasad Agarwalla	3.50	3.39
		Meera Dokania	3.50	3.39
		Sujit Chakravorti	3.50	3.39
		Ganpathy Anantha Narayanan	3.50	0.34
(d) Professional Fees		Anand Prasad Agarwalla	0.68	0.44
		Niraj Agarwala	0.11	0.44
		Amritesh Daga	6.00	6.00
(e) Sales of solar power		Deepak Spinners Limited	134.72	98.83
(f) Office Expenses (Rent, Telephone, Electricity, etc.)		Coplama Products Private Limited	1.82	1.82
(g) Contribution to Employees Provident Fund Trust		Deepak Industries Provident Fund	2.01	5.12
(h) Contribution to Gratuity Trust		Deepak Industries Gratuity Fund	57.37	82.33
(i) Club Membership Fees		Yashwant Kumar Daga	3.54	4.28
		Pradip Kumar Daga	0.21	-
(j) Scholarship charges		Amritesh Daga	-	16.03
(k) Donation		Bansidhar Daga Foundation	15.00	10.00
		Daga Seva Nidhi	15.00	10.00
(l) Medical Insurance Premium		Yashwant Kumar Daga	8.88	7.53
(m) Advance made against investments		Lotus Auto Engineering Limited	-	3,800.00
(n) Amount received - Other current liabilities (Note no. 26)		Lotus Auto Engineering Limited	-	545.00
(o) Adjustment of advances to Equity Shares		Lotus Auto Engineering Limited	436.00	-
(p) Adjustment of advances to Zero Coupon Secured Optionally Fully Convertible Debentures		Lotus Auto Engineering Limited	3,364.00	-
(q) Repayment of advance - Other current liabilities (Note no. 26)		Lotus Auto Engineering Limited	545.00	-

Notes to Financial Statements for the year ended March 31, 2023

(vi) Balance of related parties are as follows :

(₹ In lakhs)

Nature of Transaction	Note No.	Name of Related Party	As at March 31, 2023	As at March 31, 2022
(a) Closing value of Investment in Non Cumulative non Convertible Redeemable Preference Share	41(A) (viii)	Brua Hydrowatts Private Limited	151.87	137.09
(b) Closing value of Investment in Zero Coupon Secured Optionally Fully Convertible Debentures	41(A) (ix)	Lotus Auto Engineering Limited	2,177.83	-
(c) Closing value of Investment in Equity Shares		Lotus Auto Engineering Limited	436.00	-
(d) Balance Receivable		Deepak Spinners Limited	18.43	13.56
(e) Balance Payable		Anand Prasad Agarwalla	3.50	4.24
		Meera Dokania	3.50	4.24
		Sujit Chakraborty	3.50	4.24
		Ganapathy Anantha Narayanan	3.50	-
(f) Payables to Trust created for Post Employment Benefit Plans		Deepak Industries Provident Fund	1.60	3.99
		Deepak Industries Gratuity Fund	93.63	57.37

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

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
Short-term employee benefits		210.00	156.68
Post-employment benefits*		-	-

*Excluding contribution to gratuity and provident fund

(viii) The Company has made investments of ₹500.00 Lakhs in 3% Non-Convertible Non-cumulative Redeemable Preference Share which as required in term of Ind AS 109 "Financial Instruments" have been fair valued to ₹ 151.87 Lakhs (March 31, 2022: ₹ 137.09 Lakhs) and corresponding effect have been given in deferred loss on fair valuation of Financial Instrument.

(ix) The Company has made investments of Rs. 3,364.00 Lakhs in Zero Coupon Secured Optionally Fully Convertible Debentures of Lotus Auto Engineering Limited which as required in term of Ind AS 109 "Financial Instruments" have been fair valued to Rs. 2,177.83 Lakhs (March 31, 2022: Rs. Nil) and corresponding effect have been given in deferred loss on fair valuation of Financial Instrument.

(B) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. The Company has not provided any guarantee to related parties towards their borrowing facilities. For the year ended March 31, 2023, the Company has not recorded any impairment allowances in respect of receivables relating to amounts owed by related parties (March 31, 2022 Rs. NIL). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

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

41. Segment Information

41.1 Basis for segmentation

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

Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance. The Company has identified three business segments viz. Automobile Gears, Industrial Gears and Solar Power and presented the same in the Financial Statements on a

Notes to Financial Statements for the year ended March 31, 2023

consistent basis. Revenues and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as “Unallocable”.

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

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

41.2 Information about reportable segments

The following is an analysis of revenue and results from operations by reportable segments: (₹ In lakhs)

Particulars	Automobile Gear and components		Industrial Gears and components		Solar Power		Unallocated Amounts		Total	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Revenue										
Sale and services to external customer	69,918.19	55,429.62	9,962.89	7,768.51	278.50	171.60	-	-	80,159.58	63,369.73
Revenue from Operations (Gross)	69,918.19	55,429.62	9,962.89	7,768.51	278.50	171.60	-	-	80,159.58	63,369.73
Segment Results	14,095.80	10,340.29	434.90	27.55	(232.96)	(281.82)	-	-	14,297.74	10,086.02
Unallocated Corporate Expenses (Net of unallocable income)	-	-	-	-	-	-	(1,492.37)	(1,051.22)	(1,492.37)	(1,051.22)
Finance Costs	-	-	-	-	-	-	0.56	0.21	0.56	0.21
Profit(Loss) Before Tax	14,095.80	10,340.29	434.90	27.55	(232.96)	(281.82)	(1,491.81)	(1,051.01)	15,789.55	11,137.03
Tax Expenses	-	-	-	-	-	-	4,032.57	2,831.32	4,032.57	2,831.32
Profit(Loss) After Tax	14,095.80	10,340.29	434.90	27.55	(232.96)	(281.82)	2,540.76	1,780.31	11,756.98	8,305.71
Segment Assets	38,428.68	33,154.63	9,439.46	8,311.63	562.29	943.96	-	-	48,430.43	42,410.22
Unallocated Corporate Assets	-	-	-	-	-	-	27,740.01	22,426.76	27,740.01	22,426.76
Total Assets	38,428.68	33,154.63	9,439.46	8,311.63	562.29	943.96	27,740.01	22,426.76	76,170.44	64,836.98
Segment Liabilities	6,897.21	6,505.39	12,240.70	12,282.89	216.67	138.74	-	-	19,354.58	18,927.02
Unallocated Corporate Liabilities	-	-	-	-	-	-	1,015.10	1,465.89	1,015.10	1,465.89
Total Liabilities	6,897.21	6,505.39	12,240.70	12,282.89	216.67	138.74	1,015.10	1,465.89	20,369.68	20,392.91
Capital Expenditure	1,490.40	1,607.96	326.82	278.88	-	-	-	-	1,817.22	1,886.84
Depreciation/Amortisation	2,067.36	1,865.11	231.69	343.97	389.04	389.04	0.66	0.83	2,688.75	2,598.95
Non Cash Expenses other than depreciation and amortisation	-	-	-	-	-	-	-	-	-	-

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

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

During the year, Interest against borrowings relating to respective businesses have been included under respective segment for the purpose of disclosures. Further, funds invested in Fixed deposits have been considered as unallocable. Accordingly, the figures pertaining to different segments for the previous year have been regrouped as follows:

Notes to Financial Statements for the year ended March 31, 2023

(₹ In lakhs)

Particulars	Year ended March 31, 2022	
	Figures as reported earlier	Figures as restated
Segments Results		
a) Automobiles Gears and components	10,410.54	10,340.29
b) Industrial Gears and components	542.15	27.55
Finance Costs	585.06	0.21
Segment Assets		
a) Automobiles Gears and components	50,868.26	33,154.63
b) Industrial Gears and components	8,315.34	8,311.63
Unallocated/Corporate Assets/Liabilities	4,709.42	22,426.76

41.3 Geographical Information

(₹ In lakhs)

Particulars	2022-23	2021-22
Revenue by Geographical market		
Sale of Products and Services		
- Domestic	79,371.35	62,759.49
- Export	788.23	610.24
Total	80,159.58	63,369.73
Assets		
Trade Receivable (Net of Impairment allowances for bad and doubtful trade receivables)		
- Within India	19,335.67	14,512.91
- Outside India	783.82	214.61
Total	20,119.49	14,727.52

41.4 Information about major customers

Revenue in respect of automobile gear include sale to four public companies (March 31, 2022: four public companies) pertaining to the automobile sector which account for more than 10% in each case and ₹ 54,016.70 Lakhs (March 31, 2022: ₹ 31,470.68 Lakhs) in aggregate of the total revenue of the company.

42. Calculation of Earning Per Share is as follows :

Particulars	March 31, 2023	March 31, 2022
Net profit for basic and diluted earnings per share as per Statement of Profit and Loss (Rs. In Lakhs)	11,756.98	8,305.71
Net profit for basic and diluted earnings per share (₹ In Lakhs) (a)	11,756.98	8,305.71
Weighted average number of equity shares for calculation of basic and diluted earnings per share (Face value ₹ 10/- per share)		
No of equity shares outstanding as on	39,56,433	39,56,433
Weighted average number of equity shares considered in calculating basic and diluted EPS (b)	39,56,433	39,56,433
Earnings per share (EPS) of Equity Share of ₹ 10 each:		
Basic and Diluted (a/b) (₹)	297.16	209.93

43. 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.

Notes to Financial Statements for the year ended March 31, 2023

44. Post Retirement Employee Benefits

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

(a) Defined Contribution Scheme

(₹ In lakhs)

Particulars	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
Contribution to Defined Contribution Plan recognised as expense for the year are as under:		
Employer’s Contribution to Provident Fund	124.32	109.27
Employer’s Contribution to Family Pension Fund	153.05	130.68

(b) Defined Benefit Plan

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

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

The Company has a separate Provident Fund Trust (Funded), whereby all the employees covered under the said Trust are entitled to benefits as per Provident Fund Act/Trust Deed. Any shortfall for the Trust is borne by the Company, hence the same is treated as a defined benefit scheme. Contribution to those provident funds amounting to Rs. 2.01 Lakhs (March 31, 2022: Rs. 5.12 Lakhs) including shortfall in the funds of Rs. 1.22 Lakhs (March 31, 2022: Rs. 3.83 Lakhs) is recognised as expenses and included in “ Employee Benefits Expense”.

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

Gratuity (Funded)

(₹ In lakhs)

Particulars	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
A . Change in fair value of Defined Benefit Obligation:		
Present Value of Defined Benefit Obligations as at the beginning of the year	1,035.25	972.99
Current Service Cost	82.57	80.04
Interest Cost	73.50	67.14
Benefit Paid	(79.30)	(64.80)
Actuarial (Gain)/Losses arising from:		
Remeasurements- Due to Financial Assumptions	(19.12)	(11.59)
Remeasurements- Due to Experience Adjustments	14.37	(8.53)
Liability at the end of the year	1,107.27	1,035.25
B . Change in Fair Value of plan Assets:		
Fair value of Plan Assets at the beginning of the year	977.87	890.66
Interest Income	68.65	62.06
Contributions by the Employers	57.37	82.33
Benefit paid	(79.30)	(64.80)
Remeasurements- Return on Assets (excluding Interest Income)	(10.96)	7.62
Fair value of plan Assets at the end of the year	1,013.63	977.87

Notes to Financial Statements for the year ended March 31, 2023

Particulars	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
C . Amount Recognized in Balance Sheet:		
Present Value of Defined Benefit Obligations as at the end of the year	1,107.27	1,035.25
Fair value of Plan Assets at the end of the year	1,013.63	977.87
	93.64	57.38
D . Components of Defined Benefit Cost		
Current Service Cost	82.57	80.04
Interest Cost	73.50	67.13
Expected Return on Plan Assets	(68.65)	(62.06)
Net Actuarial (Gain)/ Loss on remeasurement recognized in OCI	-	-
Total Defined Benefit Cost recognized in the Statement of Profit and Loss	87.42	85.11
E . Remeasurements Recognized in Other Comprehensive Income		
Remeasurements- Due to Financial Assumptions	(19.12)	(11.59)
Remeasurements- Due to Experience Adjustments	14.37	(8.53)
Remeasurements- Return on Assets (excluding Interest Income)	10.96	(7.62)
Remeasurements Recognized in Other Comprehensive Income	6.21	(27.74)
F . Balance Sheet Reconciliation		
Opening Net Liability	57.38	82.34
Defined Benefit Cost included in Profit and Loss	87.42	85.11
Remeasurements Recognized in Other Comprehensive Income	6.21	(27.74)
Employers Contribution	(57.37)	(82.33)
Amount Recognised in Balance Sheet	93.64	57.38
G . Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows:		
Equity	-	-
Bonds	99.47%	82.43%
Other Current Assets	0.53%	17.57%
Insurance policies		
H . The Principal Actuarial Assumptions as at Balance Sheet date are set out as below:		
Summary of Financial Assumption		
Discount Rate	7.40%	7.10%
Salary Escalation- First Five Years	6.00%	6.00%
Salary Escalation- After Five Years	6.00%	6.00%
Expected Return on Plan Assets	7.40%	7.10%
Summary of Demographic Assumptions		
Mortality Table	IALM (2012-14) Table Ultimate	
Disability Rate(a % of above mortality rate)	5.00%	5.00%
Withdrawal Rates	1% to 8%	1% to 8%
Retirement Age	58 Years	58 Years
Average future service	17.79	18.28

Notes to Financial Statements for the year ended March 31, 2023

(₹ In lakhs)

I. Sensitivity analysis				
	Particulars	Change in Assumptions	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
	Salary Escalation	1%	1,188.52	1,114.06
	Salary Escalation	-1%	1,038.61	965.46
	Withdrawal Rates	1%	1,115.83	1,040.21
	Withdrawal Rates	-1%	1,101.58	1,029.65
	Discount Rate	1%	1,042.58	968.38
	Discount Rate	-1%	1,185.05	1,111.68
	Mortality Rate	10%	1,108.06	-
	Mortality Rate	-10%	1,106.51	-

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

(₹ In lakhs)

J. Estimate of expected benefit payments (In absolute terms i.e. undiscounted)		
	Particulars	Gratuity
	01 Apr 2023 to 31 Mar 2024	226.87
	01 Apr 2024 to 31 Mar 2025	111.14
	01 Apr 2025 to 31 Mar 2026	64.53
	01 Apr 2026 to 31 Mar 2027	56.73
	01 Apr 2027 to 31 Mar 2028	74.27
	01 Apr 2028 Onwards	364.66

K.			
	Particulars	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
	Average number of people employed	894	920

Other Long Term Employee Benefit

Compensated absences (Unfunded)

(₹ In lakhs)

	Particulars	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
A.	Change in fair value of Defined Benefit Obligation:		
	Present Value of Defined Benefit Obligations as at the beginning of the year	231.17	224.03
	Current Service Cost	17.73	14.63
	Interest Cost	16.41	15.45
	Benefit Paid	(11.22)	(10.74)
	Actuarial (Gain)/Losses arising from:		
	Remeasurements- Due to Financial Assumptions	(4.44)	(2.94)
	Remeasurements- Due to Experience Adjustments	(15.09)	(9.26)
	Liability at the end of the year	234.56	231.17
B.	Change in Fair Value of plan Assets:		
	Fair value of Plan Assets at the beginning of the year	-	-
	Interest Income	-	-
	Contributions by the Employers	11.22	10.74
	Benefit paid	(11.22)	(10.74)
	Remeasurements- Return on Assets (excluding Interest Income)	-	-
	Fair value of plan Assets at the end of the year	-	-

Notes to Financial Statements for the year ended March 31, 2023

C .	Amount Recognized in Balance Sheet:		
	Present Value of Defined Benefit Obligations as at the end of the year	234.56	231.17
	Fair value of Plan Assets at the end of the year	-	-
		234.56	231.17
D .	Components of Defined Benefit Cost		
	Current Service Cost	17.73	14.63
	Interest Cost	16.41	15.45
	Total Defined Benefit Cost recognized in the Statement of Profit and Loss	34.14	30.08
E .	Remeasurements Recognized in Statement of Profit and Loss		
	Remeasurements- Due to Financial Assumptions	(4.44)	(2.94)
	Remeasurements- Due to Experience Adjustments	(15.09)	(9.26)
	Remeasurements Recognized in Statement of Profit and Loss	(19.53)	(12.20)
F .	Balance Sheet Reconciliation		
	Opening Net Liability	231.17	224.03
	Defined Benefit Cost included in Profit and Loss	34.14	30.08
	Remeasurements Recognized in Other Comprehensive Income	(19.53)	(12.20)
	Employers Contribution	(11.22)	(10.74)
	Amount Recognised in Balance Sheet	234.56	231.17

G . Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows:			
	Particulars	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
	Equity	N.A.	N.A.
	Bonds	N.A.	N.A.
	Other Current Assets	N.A.	N.A.
	Insurance policies	N.A.	N.A.

H . The Principal Actuarial Assumptions as at Balance Sheet date are set out as below:			
Summary of Financial Assumption			
	Discount Rate	7.40%	7.10%
	Salary Escalation- First Five Years	6.00%	6.00%
	Salary Escalation- After Five Years	6.00%	6.00%
	Expected Return on Plan Assets	N.A	N.A
Summary of Demographic Assumptions			
	Mortality Table	IALM (2012-14) Table Ultimate	
	Disability Rate(a % of above mortality rate)	5.00%	5.00%
	Withdrawal Rates	1% to 8%	1% to 8%
	Retirement Age	58 Years	58 Years
	Average future service	17.79	18.17

Notes to Financial Statements for the year ended March 31, 2023

I. Sensitivity analysis		(₹ In lakhs)		
Particulars	Change in Assumptions	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022	
Salary Escalation	1%	251.11	247.66	
Salary Escalation	-1%	219.99	216.72	
Withdrawal Rates	1%	236.13	232.42	
Withdrawal Rates	-1%	232.82	229.77	
Discount Rate	1%	220.77	216.80	
Discount Rate	-1%	438.57	247.71	
Mortality Rate	10%	234.44	-	
Mortality Rate	-10%	234.70	-	

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

J. Estimate of expected benefit payments (In absolute terms i.e. undiscounted)		(₹ In lakhs)
Particulars		Leave
01 Apr 2023 to 31 Mar 2024		69.98
01 Apr 2024 to 31 Mar 2025		12.22
01 Apr 2025 to 31 Mar 2026		8.84
01 Apr 2026 to 31 Mar 2027		10.20
01 Apr 2027 to 31 Mar 2028		8.81
01 Apr 2028 Onwards		59.64

K. Particulars	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
Average number of people employed	894	913

Other Long Term Employee Benefit

Sick Leave (Unfunded)

(₹ In lakhs)

Particulars	For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
A . Change in fair value of Defined Benefit Obligation:		
Present Value of Defined Benefit Obligations as at the beginning of the year	48.66	45.42
Current Service Cost	5.58	4.14
Interest Cost	3.46	3.13
Benefit Paid	-	-
Actuarial (Gain)/Losses arising from:		
Remeasurements- Due to Financial Assumptions	(1.04)	(0.71)
Remeasurements- Due to Experience Adjustments	(6.13)	(3.32)
Liability at the end of the year	50.53	48.66
B . Change in Fair Value of plan Assets:		
Fair value of Plan Assets at the beginning of the year	-	-
Interest Income	-	-
Contributions by the Employers	-	-
Benefit paid	-	-
Remeasurements- Return on Assets (excluding Interest Income)	-	-
Fair value of plan Assets at the end of the year	-	-

Notes to Financial Statements for the year ended March 31, 2023

C.	Amount Recognized in Balance Sheet:		
	Present Value of Defined Benefit Obligations as at the end of the year	50.53	48.66
	Fair value of Plan Assets at the end of the year	-	-
		50.53	48.66
D.	Components of Defined Benefit Cost		
	Current Service Cost	5.58	4.14
	Interest Cost	3.46	3.13
	Total Defined Benefit Cost recognized in the Statement of Profit and Loss	9.04	7.27
E.	Remeasurements Recognized in Statement of Profit and Loss		
	Remeasurements- Due to Financial Assumptions	(1.04)	(0.71)
	Remeasurements- Due to Experience Adjustments	(6.13)	(3.32)
	Remeasurements Recognized in Statement of Profit and Loss	(7.17)	(4.03)
F.	Balance Sheet Reconciliation		
	Opening Net Liability	48.66	45.42
	Defined Benefit Cost included in Profit and Loss	9.04	7.27
	Remeasurements Recognized in Other Comprehensive Income	(7.17)	(4.03)
	Amount Recognised in Balance Sheet	50.53	48.66
G.	Percentage allocation of plan assets in respect of fund managed by insurer/trust is as follows:		
	Equity	N.A.	N.A.
	Bonds	N.A.	N.A.
	Other Current Assets	N.A.	N.A.
	Insurance policies	N.A.	N.A.
H.	The Principal Actuarial Assumptions as at Balance Sheet date are set out as below:		
	Summary of Financial Assumption		
	Discount Rate	7.40%	7.10%
	Salary Escalation- First Five Years	6.00%	6.00%
	Salary Escalation- After Five Years	6.00%	6.00%
	Expected Return on Plan Assets	N.A	N.A
	Summary of Demographic Assumptions		
	Mortality Table	IALM (2012-14) Table Ultimate	
	Disability Rate(a % of above mortality rate)	5.00%	5.00%
	Withdrawal Rates	1% to 8%	1% to 8%
	Retirement Age	58 Years	58 Years
	Average future service	16.05	16.77
I.	Sensitivity analysis		
		(₹ In lakhs)	
	Particulars	Change in Assumptions	For The Year Ended March 31, 2023
			For The Year Ended March 31, 2022
	Salary Escalation	1%	54.39
	Salary Escalation	-1%	47.11
	Withdrawal Rates	1%	50.88
	Withdrawal Rates	-1%	50.14
	Discount Rate	1%	47.33
	Discount Rate	-1%	97.40
	Mortality Rate	10%	50.50
	Mortality Rate	-10%	50.56
			52.64
			45.16
			48.96
			48.33
			45.31
			52.53
			-
			-

Notes to Financial Statements for the year ended March 31, 2023

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

(₹ In lakhs)

J. Estimate of expected benefit payments (In absolute terms i.e. undiscounted)			
Particulars		Leave	
01 Apr 2023 to 31 Mar 2024		10.37	
01 Apr 2024 to 31 Mar 2025		3.57	
01 Apr 2025 to 31 Mar 2026		2.16	
01 Apr 2026 to 31 Mar 2027		2.52	
01 Apr 2027 to 31 Mar 2028		2.43	
01 Apr 2028 Onwards		17.25	

K. Particulars		For The Year Ended March 31, 2023	For The Year Ended March 31, 2022
Average number of people employed		600	620

45. FINANCIAL INSTRUMENTS

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

(₹ In lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets (Current and Non-Current)				
Financial Assets measured at Amortised Cost				
Investments	2,765.70	2,765.70	137.09	137.09
Trade receivables	20,119.49	20,119.49	14,727.52	14,727.52
Cash and cash equivalents	903.52	903.52	603.09	603.09
Other Bank Balances	22,736.69	22,736.69	17,860.84	17,860.84
Other Financial Assets	1,005.55	1,005.55	704.13	704.13
Total	47,530.95	47,530.95	34,032.67	34,032.67
Financial Liabilities (Current and Non-Current)				
Financial Liabilities measured at Amortised Cost				
Borrowings	8,825.83	8,825.83	8,265.94	8,265.94
Lease Liabilities	24.36	24.36	15.12	15.12
Trade Payables	6,179.72	6,179.72	6,624.51	6,624.51
Other Financial Liabilities	1,616.30	1,616.30	1,522.38	1,522.38
Total	16,646.21	16,646.21	16,427.95	16,427.95

Fair Valuation Techniques

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

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

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

Notes to Financial Statements for the year ended March 31, 2023

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

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

FINANCIAL RISK MANAGEMENT

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

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Company's senior management oversees the management of these risks. The Board of Director reviews and agrees policies for managing each of these risks.

MARKET RISK

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

Interest rate risk

The company's exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing with banks and financial institutions. Interest rate risks is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the company's cash flows as well as costs. Borrowings at fixed interest rate exposes the company to the fair value interest rate risk. Further there are deposits with banks which are for short term period are exposed to interest rate risk, falling due for renewal. With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings.

(₹ In lakhs)

Nature of Borrowing	Increase in basis points	As at March 31, 2023	As at March 31, 2022
Rupee Loan	0.50	32.83	43.50

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

Foreign Currency Risk

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

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

Notes to Financial Statements for the year ended March 31, 2023

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

(₹ In lakhs)

Particulars	As at March 31, 2023			
	Trade Receivables	Trade Payables	Other Current Liabilities	Net Assets / (liabilities)
SGD	38.71	-	-	38.71
STP	8.72	-	-	8.72
USD	453.35	(82.47)	-	370.88
EURO	7.71	(20.97)	-	(13.26)
JPY	-	(0.60)	-	(0.60)
Total	508.49	(104.04)	-	404.45

(₹ In lakhs)

Particulars	As at March 31, 2022			
	Trade Receivables	Trade Payables	Other Current Liabilities	Net Assets / (liabilities)
SGD	35.15	-	-	35.15
STP	8.54	-	-	8.54
USD	168.23	(54.87)	-	113.36
EURO	2.69	(65.88)	-	(63.19)
CHF	-	(90.12)	-	(90.12)
Total	214.61	(210.87)	-	3.74

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

(₹ In lakhs)

Particulars	For The Year Ended 31st March, 2023	For The Year Ended 31st March, 2022
Receivables (Weaking of INR by 5%)		
SGD	1.94	1.76
STP	0.44	0.43
USD	22.67	8.41
EURO	0.39	0.13
Total	25.44	10.73
Payables (Weaking of INR by 5%)		
USD	(4.12)	(2.74)
EURO	(1.05)	(3.29)
CHF	-	(4.51)
JPY	(0.03)	-
Total	(5.20)	(10.54)

Figures in bracket represents loss

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

CREDIT RISK

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

Notes to Financial Statements for the year ended March 31, 2023

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

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

Financial assets that are neither past due nor impaired

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

Financial assets that are past due but not impaired

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

LIQUIDITY RISK

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

Liquidity table

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

Interest rate and currency of borrowings

As at March 31, 2023

Particulars	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings	Weighted average interest rate
INR	8,825.83	8,825.83	-	6.80%

Interest rate and currency of borrowings

As at March 31, 2022

Particulars	Total Borrowings	Floating Rate Borrowings	Fixed Rate Borrowings	Weighted average interest rate
INR	8,265.94	8,265.94	-	5.80%

Maturity Analysis of unamortised Financial Liabilities

As at March 31, 2023

(₹ In lakhs)

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Borrowings	8,825.83	7,742.33	409.92	204.38	469.20	8825.83
Other Financial Liabilities	1,616.30	-	1,216.02	-	400.28	1616.30
Trade and other payables	6,179.73	-	6,179.73	-	-	6179.73

Notes to Financial Statements for the year ended March 31, 2023

As at March 31, 2022

(₹ In lakhs)

Particulars	Carrying Amount	On Demand	Less than 6 months	6 to 12 months	> 1 year	Total
Borrowings	8,265.94	6,233.83	530.87	408.39	1,092.85	8265.94
Other Financial Liabilities	1,522.38	-	1,117.82	4.28	400.28	1522.88
Trade and other payables	6,624.51	-	6,624.51	-	-	6624.51

The company has current financial assets which will be realised in ordinary course of business. The Company ensures that it has sufficient cash on demand to meet expected operational expenses.

The company relies on operating cash flows to meet its need for funds and ensures that it does not breach any financial covenants stipulated by the lender.

CAPITAL MANAGEMENT

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

The gearing ratio are as follows :

(₹ In lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	8,825.83	8,265.94
Less: Cash and Cash Equivalents	903.52	603.09
Net Debt	7,922.31	7,662.85
Equity	55,800.76	44,444.07
Equity and Net Debt	63,723.07	52,106.92
Gearing Ratio	0.12	0.15

- b) Refer Note No. 18.6 for dividend proposed during the year

46. Ratio Analysis and its elements

Sl. No.	Ratio	Numerator	Denominator	31st March 2023	31st March 2022	% Change	Reason for variance (where change is more than 25%)
(1)	Current ratio	Current Assets	Current Liabilities	2.90	2.44	18.85%	
(2)	Debt-Equity Ratio	Long Term Borrowing (+) Current maturities of long term debt (+) Total lease liabilities	Total equity computed as: Share Capital (+) Other Equity	0.02	0.05	-60.00%	Borrowings have been repaid during the year and no new debts have been raised.
(3)	Debt Service Coverage ratio	Profit for the year [i.e. Profit after tax] (+) Depreciation and amortisation expense (+) Finance costs	Finance costs (+) Current Lease Liabilities (+) Current Maturities of Long Term Debt	13.11	6.98	87.82%	Profit after tax has increased in comparison to previous year.

Sl. No.	Ratio	Numerator	Denominator	31st March 2023	31st March 2022	% Change	Reason for variance (where change is more than 25 %)
(4)	Return on Equity ratio	Profit for the year [i.e Profit after tax]	Average Total Equity	0.23	0.21	9.52%	
(5)	Inventory Turnover ratio	Revenue from operations	Average total Inventory	9.40	7.21	30.37%	Revenue from Operations has increased in comparison to previous year.
(6)	Trade Receivable Turnover Ratio	Revenue from operations	Closing Trade Receivable	3.98	4.30	-7.44%	
(7)	Trade Payable Turnover Ratio	Total Purchases	Closing Trade Payables	8.74	6.40	36.56%	Total Purchases have increased as compared to previous year.
(8)	Net Capital Turnover Ratio	Revenue from operations	Average working capital computed as Average current assets (-) Average current liabilities	2.60	2.75	-5.45%	
(9)	Net Profit ratio	Profit for the year [i.e Profit after tax]	Revenue from operations	14.67%	13.11%	1.56%	
(10)	Return on Capital Employed	Profit before tax (+) Interest on long term borrowings (+) Interest on lease liabilities	Average Capital Employed Capital Employed computed as Total Equity (-) Intangible Assets (+) Long term borrowings (+) Current maturities of long term debt (+) Total lease liabilities (+) Deferred tax liabilities	27.77%	24.03%	15.56%	

Sl. No.	Ratio	Numerator	Denominator	31st March 2023	31st March 2022	% Change	Reason for variance (where change is more than 25 %)
(11)	Return on Investment						
	a) Equity Instrument (Measured at unamortised cost)	Net gain on sale of equity instruments (+) Dividend Income	Average investments in equity instruments	0.00%	0.00%	0.00%	
	b) Debentures (Measured at amortised cost)	Interest income on financial assets carried at amortised cost	Average investments in Debentures	3.85%	0.00%	7.69%	
	c) Preference Shares (Measured at amortised cost)	Interest income on financial assets carried at amortised cost	Average investments in preference shares	10.22%	10.22%	0.00%	

*Interest income on debenture as above was accrued for six months being investments made in middle of the year.

47. Based on the information to the extent available with the company, there were no transactions with the companies struck off under section 248 of the Companies Act, 2013.

48. Disclosure regarding borrowed funds have been considered part of other disclosures :

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

49. The financial statement of the subsidiary for the year ended March 31, 2023 being under compilation as such could not be completed and submitted to the company for the purpose of consolidation. These financial statements once completed and audited by their statutory auditor will therefore be submitted in due course of time. Pending this, the affairs of the said subsidiary company has not been considered for consolidation.

50. Previous year figures have been recasted/restated wherever necessary including those as required in keeping with revised Schedule III amendments.

51. These financial statements have been approved by Board of Directors of the Company in their meeting dated **May 30, 2023** for issue to the shareholders for their adoption.

As per our report of even date

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

R.P. Singh
Partner
Membership No. 052438
Kolkata
Date: May 30, 2023

For and on behalf of the Board of Directors

P. K. Daga (DIN: 00040692) Chairman-Cum-Managing Director	A. P. Agarwalla (DIN: 00312652) Chief Financial Officer	Y.K. Daga (DIN: 00040632) Vice Chairman-Cum-joint-Managing Director	Meera Dokania (DIN: 07094376) Company Secretary
S. Chakravorti (DIN: 00066344) G. A. Narayanan (DIN: 09491346)			

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