

# Shri Dinesh Mills Limited, Vadodara.



## BOARD OF DIRECTORS

Shri Bharatbhai U. Patel	(Chairman & Managing Director)
Shri Nimishbhai U. Patel	(Managing Director)
Shri Tanujbhai M. Patel	
Shri Rakesh Agrawal	
Shri Sanjiv Shah	
Mrs. Taruna P. Patel	
Shri J. B. Sojitra	Executive Director (Corporate Affairs)

## COMPANY SECRETARY

Shri J. B. Sojitra

## CHIEF FINANCIAL OFFICER

Shri Apurva Shah

## BANKERS

Bank of Baroda  
Indian Overseas Bank  
The South Indian Bank Ltd..

## AUDITORS

M/s. Dhirubhai Shah & Co. LLP  
Chartered Accountants  
Ahmedabad

## REGISTERED OFFICE

P.O. Box No.2501,  
Padra Road,  
Vadodara-390 020  
Telephone : (0265) 2330060-65  
Fax : (0265) 2336195  
Email : [complianceofficer@dineshmills.com](mailto:complianceofficer@dineshmills.com), [sojitra@dineshmills.com](mailto:sojitra@dineshmills.com)  
Website : [www.dineshmills.com](http://www.dineshmills.com)  
CIN : L17110GJ1935PLC000494

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**NOTICE**

**NOTICE** is hereby given that, the 84th Annual General Meeting (AGM) of the Members of Shri Dinesh Mills Ltd. will be held at the Registered Office of the Company at Padra Road, Vadodara on Thursday, 26th September, 2019 at 11.00 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the Audited Standalone Financial Statement of the Company, the Reports of the Board of Directors and Auditors' thereon including consolidated financial statement together with Auditors' Report thereon for the financial year ended 31st March, 2019. (Ordinary Resolution)

"RESOLVED THAT the Audited Standalone Financial Statement of the Company, the Boards' Report and the Auditors' Report thereon including consolidated financial statements together with Auditors' Report thereon for the financial year ended 31st March, 2019 be and are hereby received, approved and adopted."

2. To declare dividend on equity shares. (Ordinary Resolution)

"RESOLVED THAT the Dividend at the rate of Rs. 1.80 per Equity Share on 52,00,582 Equity Shares of Rs.10/- each as recommended by the Board of Directors be and is hereby approved."

3. To appoint a Director in place of Shri J. B. Sojitra (DIN-00036120), who retires by rotation and being eligible, offers himself for re-appointment. (Ordinary Resolution)

"RESOLVED THAT Shri J. B. Sojitra (DIN - 00036120), a Director of the Company who retires by rotation at this Meeting being eligible for re-appointment, be and is hereby re-appointed as Director of the Company whose period of Office shall be liable to determination by retirement of Director by rotation."

4. To consider revision in the terms of appointment of Statutory Auditors, M/s. Dhirubhai Shah & Co. LLP, Chartered Accountants, Ahmedabad. (Ordinary Resolution)

"RESOLVED THAT pursuant to Section 139, 141, 142 and other applicable provisions, if any of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014 and in partial modification of earlier Resolutions passed by the members at 81st, 82nd and 83rd Annual General Meetings (AGM) held on 27th September, 2016, 27th September, 2017 and 28th September, 2018 respectively, the term of appointment of M/s. Dhirubhai Shah & Co. LLP, Chartered Accountants, Firm Registration No. 102511W, as Statutory Auditors of the Company, be and are hereby revised to hold the Office till the conclusion of 86th AGM, on such remuneration as may be decided by the Board of Directors upon recommendation of Audit Committee of the Company."

**SPECIAL BUSINESS:**

5. **RE-APPOINTMENT OF SHRI T. M. PATEL AS AN INDEPENDENT DIRECTOR**

To consider and if thought fit, to pass, the following Resolution as a "SPECIAL RESOLUTION"

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 178 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act) rules framed thereunder and Schedule IV to the Act and other applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations, 2018, approval of the members of the Company be and is hereby accorded to the re-appointment of Shri T. M. Patel (DIN-00016788) as an Independent Director of the Company, not liable to retire by rotation for his second term of five consecutive years from conclusion of this 84th Annual General Meeting till the conclusion of 89th Annual General Meeting of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all acts, deeds and things, necessary and expedient to give effect to this Resolution."

6. **RE-APPOINTMENT OF SHRI RAKESH AGRAWAL AS AN INDEPENDENT DIRECTOR**

To consider and if thought fit, to pass, the following Resolution as a "SPECIAL RESOLUTION"

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 178 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act) rules framed thereunder and Schedule IV to the Act and Regulation 17(1A) and other applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations, 2018 approval of the members of the Company be and is hereby accorded to the re-appointment of Shri Rakesh Agrawal (DIN-00057955) as an Independent Director of the Company, not liable to retire by rotation for his second

## SHRI DINESH MILLS LTD.

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term of five consecutive years from conclusion of this 84th Annual General Meeting till the conclusion of 89th Annual General Meeting of the Company as well as to continue to hold the position of Independent Director beyond 75 years of age.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all acts, deeds and things, necessary and expedient to give effect to this Resolution.”

### 7. DISPOSAL OF IMMOVABLE PROPERTIES OF THE COMPANY SITUATED AT ITS ANKLESHWAR UNIT

To consider and if thought fit, to pass, the following Resolution as a “SPECIAL RESOLUTION”

“RESOLVED THAT pursuant to the provisions of Section 180(1) of the Companies Act, 2013, consent be and is hereby given to the Committee of Directors comprising of Shri B. U. Patel, Chairman & Managing Director, Shri N. U. Patel, Managing Director and Shri Rakesh Agrawal, Independent Director of the Company to dispose the whole or substantially whole of the immovable properties of the Ankleshwar unit of the Company in one or more tranche to prospective buyer(s) upon such terms & conditions as the Committee may deem fit in the best interest of the Company.

RESOLVED FURTHER THAT the Committee be and is hereby also authorized to accept the payment towards sale consideration and further delegate the powers for execution of MoU, Agreement to Sale, Sale Deeds or such other documents, Deeds as may be required including publication of advertisements / Notices, appointment of Brokers, Valuer(s), execution of Affidavits, Declarations, signing & filing applications for mutation of the properties in the name of the prospective buyer(s) or filing the applications before any Government / Statutory / Local authority and also for the presentation of such documents before the concerned Sub Registrar of Assurances or any other Government Authorities / Notary Public on behalf of the Company.”

**Regd. Office :**  
P.O. Box No. 2501,  
Padra Road,  
Vadodara - 390 020.  
Dated : 25th May, 2019

By Order of the Board  
For **SHRI DINESH MILLS LTD.,**

**J. B. SOJITRA**  
**COMPANY SECRETARY**

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The information as per Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 is annexed hereto in respect of item No.3. (**Annexure : A**)
3. The Explanatory statement as required under section 102 of the Companies Act, 2013 is annexed hereto in respect of item No.5, 6 and 7. (**Annexure: B**)
4. The Register of Members and Share Transfer Books will remain closed from Saturday, 7th September, 2019 to Saturday, 14th September, 2019. (Both days inclusive)
5. During the financial year 2018–2019, the Company has transferred unclaimed dividend to the Investor Education & Protection Fund for the year ended 31st March, 2011 and also transferred 7,660 equity shares of Rs.10/- each to the Demat Account of the IEPF Authority pursuant to the provisions of IEPF (Accounting, Audit, Transfer& Refund) Rules, 2016.Shareholders are requested to contact the Company for the equity shares & dividend which are already transferred to the IEPF Authority.

Details of the unclaimed dividend which will be transferred to the Investor Education and Protection Fund are as follows:

Dividend No.	Date of Declaration	For the year	Due for transfer on
77	11-09-2012	2011-2012	17-10-2019
78	31-08-2013	2012-2013	06-10-2020
79	30-09-2014	2013-2014	26-10-2021
80	30-09-2015	2014-2015	26-10-2022
81	27-09-2016	2015-2016	23-10-2023
82	27-09-2017	2016-2017	23-10-2024
83	28-09-2018	2017-2018	24-10-2025

6. The Company will have to transfer Dividend No.76 for the Financial Year 2011–2012 which remain unclaimed for a period of 7 years to the IEPF Authority. The Company will also have to transfer the equity shares to IEPF Authority on which the dividend is unclaimed for consecutive period of seven years.
7. Dividend as recommended by the Board, if sanctioned by the Members, will be paid by 25th October, 2019 to those shareholders whose names appear on the Register of Members of the Company on 7th September, 2019 whereas the dividend relating to the shares in dematerialized form will be paid to the beneficial owners as per details to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. by National Electronic Clearing System (NECS).
8. Voting through electronic means:
  - I In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on Resolutions proposed to be considered at the 84th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).
  - II The facility for voting through Polling Paper shall be made available at the AGM and the members attending the meeting who have not casted their vote by remote e-voting shall be able to exercise their right at the meeting through polling paper.
  - III The members who have casted their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
  - IV The remote e-voting period commences on 23rd September, 2019 (9:00 am) and ends on 25th September, 2019 (5:00 pm). During this period, members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th September, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a Resolution is casted by the member, the member shall not be allowed to change it subsequently.
  - V The process and manner for remote e-voting are as under:
 

In case, a member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participant(s)]:

    - (i) Open email and open PDF file viz; “remote e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
    - (ii) Launch internet browser by typing the following URL:<https://www.evotingnsdl.com/>
    - (iii) Click on Shareholder - Login

## SHRI DINESH MILLS LTD.

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- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
  - (vii) Select “EVEN” of “Shri Dinesh Mills Limited”.
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
  - (ix) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - (x) Upon confirmation, the message “Vote cast successfully” will be displayed.
  - (xi) Once you have voted on the Resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [scrutinizershridineshmills@gmail.com](mailto:scrutinizershridineshmills@gmail.com) or [sojitra@dineshmills.com](mailto:sojitra@dineshmills.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- VI. In case of any query, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting, you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 19th September, 2019.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the AGM Notice and holding shares as of the cut-off date i.e. 19th September, 2019, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or to the Company at [sojitra@dineshmills.com](mailto:sojitra@dineshmills.com)
- However, if you are already registered with NSDL for remote e-voting, you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through polling paper.
- XIII. Mr. Kashyap Shah, Practicing Company Secretary (Membership No. FCS 7662), Proprietor of M/s. Kashyap Shah & Co., Practicing Company Secretaries is appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the Resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer, by use of “Poling Paper” for all those members who are present at the AGM but have not casted their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the 84th AGM, will first count the votes casted at the meeting and thereafter unblock the votes casted through remote e-voting in the presence of at least two witnesses

who are not in the employment of the Company and shall make, not later than three days of the conclusion of the 84th AGM, a consolidated Scrutinizer's Report of the total votes casted in favour or against, if any, to the Chairman, who shall countersign the same and declare the result of the voting forthwith.

- XVI. The Results declared alongwith the Report of the Scrutinizer shall be placed on the website of the Company [www.dineshmills.com](http://www.dineshmills.com) and on the website of NSDL immediately after the declaration of result by the Chairman. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
- XVII. The Notice of this AGM and Annual Financial Statement, Boards' Report, Auditors Report etc. will be placed on the website of the Company viz. [www.dineshmills.com](http://www.dineshmills.com)
- XVIII. The members holding shares in the physical form can prefix 111326 with their folio no. as LOGIN ID and for Password contact the Company to cast their votes electronically.
9. Green Initiative: The members are requested to intimate their Email address to the Company to enable the Company to send the Annual Report in electronic form to save the papers, trees & environment.

**ANNEXURE TO THE NOTICE  
ANNEXURE : A**

**THE INFORMATION AS PER REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 (ITEM No.3)**

The details as required pursuant to the Regulation 36(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are as under:-

- (1) **Name** : **Shri J. B. Sojitra**  
**Age** : 58 years  
**Qualifications** : B. Com., LL.B., D.L.P., A.C.S.  
**Expertise** : Adequate knowledge of Corporate Laws.  
**Tenure** : Director of the Company since 28/11/1996  
**Shareholding in the Company** : 2,711 Equity Shares of Rs.10/- each  
**Inter Relationship:** He is not related to any Director or Key Managerial Personnel (KMP) of the Company.

- (2) **Name** : **Shri T. M. Patel**  
**Age** : 65 Years  
**Qualification** : BS (USA)  
**Expertise** : Wide Expertise in Bearing Industry.  
**Tenure** : Director of the Company since 20/09/1984.  
**Shareholding in the Company** : 1020 Equity Shares of Rs.10/- each

Other Directorship:

<u>Sr. No.</u>	<u>Name of the Company</u>	<u>Position Held</u>	<u>Member/Chairman of Committee of the Company</u>
1	Manoway Investments Pvt. Ltd.	Director	None
2	Mipco Investments Pvt. Ltd.	Director	None
3	Maple Investments Co. Pvt. Ltd.	Director	None
4	Emsons Leasing Co. Pvt. Ltd.	Director	None
5	Taveta Properties Pvt. Ltd.	Director	None
6	Saturn Holdings & Properties Pvt.Ltd.	Director	None
7	ArtaBroch Ceramics Pvt. Ltd.	Director	None
8	Nephrite Properties Pvt. Ltd.	Director	None

**Inter Relationship:** He is not related to any Director or Key Managerial Personnel (KMP) of the Company.

- (3) **Name** : **Shri Rakesh Agrawal**  
**Age** : 72 Years  
**Qualification** : M.E. (Chemical), (USA)  
**Expertise** : Expert knowledge in overall Corporate Management.  
**Tenure** : Director of the Company since 20/09/2011  
**Shareholding in the Company** : 100 Equity Shares of Rs.10/- each

Other Directorship:

<u>Sr. No.</u>	<u>Name of the Company</u>	<u>Position Held</u>	<u>Member/Chairman of Committee of the Company</u>
1	Shiva Pharmachem Ltd.	Director	None
2	SES Engineering Pvt. Ltd.	Director	None
3	Tash Investment Pvt. Ltd.	Director	None
4	Geetganga Investment Pvt. Ltd.	Director	None
5	Ankshree Investments & Trading Co. Ltd.	Director	None
6	Shiva Performance Materials Pvt. Ltd.	Director	None
7	Geetganga Properties Pvt. Ltd.	Director	None
8	Uttarayan Investment Pvt. Ltd.	Director	None
9	Control Print Ltd.	Director	Audit Committee – Member, Nomination & Remuneration Committee – Member
10	Fernway Technologies Ltd.	Director	None
11	Fernway Textiles Ltd.	Director	None

**Inter Relationship:** He is not related to any Director or Key Managerial Personnel (KMP) of the Company.

ANNEXURE: B

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (ITEM No. 4, 5, 6 and 7)

**ITEM No.4: REVISION IN TERMS OF APPOINTMENT OF STATUTORY AUDITORS**

M/s. Dhirubhai Shah & Co. LLP, Chartered Accountants, Ahmedabad were appointed by the members as Statutory Auditors in the Annual General Meeting (AGM) every year. However, pursuant to provisions of Section 139 of the Companies Act, 2013, the Company is required to appoint the Statutory Auditors for a term of five consecutive years and therefore, it is proposed to revise the term of appointment of M/s. Dhirubhai Shah & Co. LLP, Firm Registration No. 102511 was Statutory Auditors of the Company for a period of five years i.e. to hold the office as Statutory Auditors till the conclusion of 86th AGM.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice.

None of the Director, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the Resolution at Item No. 4 of the Notice.

**ITEM No.5: RE-APPOINTMENT OF SHRI T. M. PATEL AS AN INDEPENDENT DIRECTOR**

Shri T. M. Patel has been rendering his services as Director of the Company since 20th September, 1984. Brief Profile of Shri T. M. Patel is given in the Annexure 'A' to this Notice pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. He is an Independent Non-Executive Director of the Company. He is also a member of Audit Committee, Nomination, Remuneration & Compensation Committee and Stakeholders Relationship Committee of the Board of Directors of the Company. As the first term of five years of Shri T. M. Patel as an Independent Director would expire on conclusion of this 84th Annual General Meeting (AGM) and pursuant to Section 149(10) of the Companies Act, 2013, Special Resolution is required for his re-appointment for a further period of five years from the conclusion of this 84th AGM till conclusion of 89th AGM.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 read with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Shri T. M. Patel, being eligible, offers himself for appointment, is proposed to be reappointed as an Independent Director for five consecutive years for a term upto the conclusion of 89th AGM of the Company. The Company has received a declaration that he meets the criteria of Independence pursuant to Section 149(6) of the Companies Act, 2013 read with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Shri T. M. Patel fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder read with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for his re-appointment as an Independent Director of the Company and accordingly, the Board of Directors of the Company at their meeting held on 25th May, 2019 re-appointed him as an Independent Director as recommended by Nomination, Remuneration & Compensation Committee subject to approval of shareholders of the Company. The copy of the draft letter for re-appointment of Shri T. M. Patel as an Independent Director setting out the terms & conditions is available for inspection by members at the Registered Office of the Company.

The Board considers that his continued association would be beneficial to the Company and it is desirable to continue to avail services of Shri T. M. Patel as an Independent Director and accordingly, the Board recommends the Special Resolution set out at Item No. 5 of the Notice.

Except Shri T. M. Patel, no other Director, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the Resolution at Item No. 5 of the Notice.

**ITEM No.6: RE-APPOINTMENT OF SHRI RAKESH AGRAWAL AS AN INDEPENDENT DIRECTOR**

Shri Rakesh Agrawal has been rendering his services as Director of the Company since 10th February, 2011. Brief Profile of Shri Rakesh Agrawal is given in the Annexure 'A' to this Notice pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. He is an Independent Non-Executive Director of the Company. He is also a member of Audit Committee, Nomination, Remuneration & Compensation Committee and Stakeholders Relationship Committee of the Board of Directors of the Company. As the first term of five years of Shri Rakesh Agrawal as an Independent





## SHRI DINESH MILLS LTD.

Director would expire on conclusion of this 84th Annual General Meeting (AGM) and pursuant to Section 149(10) of the Companies Act, 2013, Special Resolution is required for his re-appointment for a further period of five years from the conclusion of this 84th AGM till conclusion of 89th AGM. During this second term of five years, he will cross the age of 75 years and therefore, Special Resolution is also required pursuant to Regulation 17(1A) of SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulations, 2018 so as to make him eligible to continue as an Independent Director of the Company during the second term.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013 read with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Shri Rakesh Agrawal, being eligible, offers himself for appointment, is proposed to be reappointed as an Independent Director for five consecutive years for a term upto the conclusion of 89th AGM of the Company. The Company has received a declaration that he meets the criteria of Independence pursuant to Section 149(6) of the Companies Act, 2013 read with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Shri Rakesh Agrawal fulfills the conditions specified in the Companies Act, 2013 and Rules made thereunder read with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for his re-appointment as an Independent Director of the Company and accordingly, the Board of Directors of the Company at their meeting held on 25th May, 2019 re-appointed him as an Independent Director as recommended by Nomination, Remuneration & Compensation Committee subject to approval of shareholders of the Company. The copy of the draft letter for re-appointment of Shri Rakesh Agrawal as an Independent Director setting out the terms & conditions is available for inspection by members at the Registered Office of the Company.

The Board considers that his continued association would be beneficial to the Company and it is desirable to continue to avail services of Shri Rakesh Agrawal as an Independent Director and accordingly, the Board recommends the Special Resolution set out at Item No. 6 of the Notice.

Except Shri Rakesh Agrawal, no other Director, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the Resolution at Item No. 6 of the Notice.

### **ITEM No.7: DISPOSAL OF IMMOVABLE PROPERTIES OF THE COMPANY SITUATED AT ITS ANKLESHWAR UNIT**

Since the Company has discontinued the manufacturing of Woolen & Worsted fabrics phase wise and as a result thereof, the immovable properties situated at its Ankleshwar unit will no longer be required and therefore, the Board of Directors of the Company based on the recommendation of Audit Committee at their respective meetings held on 25th May, 2019 decided to dispose the immovable properties situated at its Ankleshwar unit in one or more tranche to the prospective buyer(s) upon such terms & conditions as they deem fit in the best interest of the Company subject to approval of shareholders of the Company.

As per the provision of Section 180(1)(a) of the Companies Act, 2013 approval of shareholders is required by way of Special Resolution for disposal of the immovable properties situated at Ankleshwar unit of the Company and accordingly, the Board recommends the Special Resolution set out at Item No. 7 of the Notice.

None of the Directors, Key Managerial Personnel and relatives thereof has any concern or interest, financial or otherwise in the Resolution at Item No. 7 of the Notice.

**Regd. Office :**  
P.O. Box No. 2501,  
Padra Road,  
Vadodara - 390 020.  
Dated : 25th May, 2019

By Order of the Board  
For **SHRI DINESH MILLS LTD.,**

**J. B. SOJITRA**  
**COMPANY SECRETARY**

**BOARDS' REPORT**

To,  
The Members,  
Shri Dinesh Mills Limited.

Your Directors have pleasure in presenting their Report together with the Annual Financial Statement for the year ended 31st March, 2019

**1. PERFORMANCE OF THE COMPANY**

(Rs.in Lakhs)

<b>PARTICULARS</b>	<b>2018-2019</b>	<b>2017-2018</b>
<b>Revenue from Operations</b>	<b>6874</b>	7814
<b>Profit before Depreciation, Interest &amp; Tax (PBDIT)</b>	<b>692</b>	209
<b>Net Profit / (Loss)</b>	<b>19</b>	(565)

**2. DIVIDEND**

Your Directors have recommended Dividend of Rs. 1.80 per Equity share (18%) (Previous year Rs.1.50 per Equity share i.e. 15%) on 52,00,582 equity shares of Rs.10/- each amounting to Rs. 93,61,047.60 plus applicable Dividend Distribution Tax thereon subject to approval of shareholders of the Company at their ensuing 84th Annual General Meeting.

**3. TRANSFER TO RESERVES**

The Company has not transferred any amount to General Reserve.

**4. TRANSFER OF UNCLAIMED DIVIDEND & EQUITY SHARES TO INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY (IEPF AUTHORITY)**

During the year under review, the Company has transferred unclaimed dividend for the financial year 2010- 11 and also transferred 7,660 equity shares of Rs.10/- each to the IEPF Authority.

**5. CHANGES IN THE NATURE OF BUSINESS**

During the year under review, Board of Directors of the Company has decided to discontinue manufacturing of Yarns, Tops and Grey Fabrics at Ankleshwar unit and Woolen & Worsted fabrics at Vadodara unit which is expected to be completed by 31st May, 2019.

**6. MANAGEMENT DISCUSSION AND ANALYSIS**

**A. OVERALL REVIEW OF OPERATIONS**

We are a composite textile sector company manufacturing woolen / worsted suiting and industrial fabrics. There are few organized sector companies and many companies are in un-organized sector and the Company has to face cut throat competition in the domestic and international markets. The Textile Industry is labour & capital intensive and one of the largest employers in India and the industry has to face various internal & external challenges and our Company is not an exception to these challenges and therefore, the Board of Directors have decided to discontinue manufacturing Yarns, Tops and Grey Fabrics at Ankleshwar unit and Woolen & Worsted fabrics at Vadodara unit. However, manufacturing of Industrial Fabrics (i.e. felt) will continue at Vadodara Unit. Due to continued sluggish domestic & international markets, intense competition on prices, cheaper imports from China and preference to the readymade garments, the revenue from Operations has also been adversely affected but the Company has made marginal profit during the year under review despite exceptional cost incurred towards VRS to the employees of the Company.

In view of the above, during the year under review, the revenue from Operations has been reduced from Rs.7814/- Lakhs to Rs.6876/- Lakhs but the Company has made a marginal profit of Rs. 19/- Lakhs as compared to the loss of Rs. 565/- Lakhs of the previous financial year.

**B. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**
**Highlights**

(Rs. in Lakhs)

Sr. No.	Particulars	2018 - 2019	2017 - 2018
1	Revenue from Operations	6876	7814
2	Operating profit (PBDIT)	692	209
3	Depreciation	662	709
4	Interest	115	150
5	Profit before Tax / (Loss)	(85)	(650)
6	Provision for Taxation	(104)	(85)
7	Net Profit / (Loss)	19	(565)

**C. OVERALL OUTLOOK**

During the current financial year, the sales turnover of the Industrial fabrics (i.e. felt) is likely to be marginally increased whereas sales turnover of Woolen & Worsted fabrics would be drastically reduced due to phase wise discontinuation of the manufacturing of the same and as a result thereof, the Company would be in a position to make reasonable profit.

The Company assumes no responsibility in respect of forward looking statements made herein above which may substantially change based on subsequent developments, events, change in the Government policies, exchange rate etc. over the globe.

**D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Internal Audit Department conducts audit of all departments of the Company and places Audit reports/plans before the Audit Committee which reviews adequacy of internal audit functions, audit procedures and its coverage periodically. The minutes of the Audit Committee meetings are placed at the meetings of the Board of Directors from time to time. The Company has adopted the concept of pre-audit and therefore, the mistakes, if any are rectified before the transactions are finally booked in the Books of Accounts of the Company.

**E. INDUSTRIAL RELATIONS**

During the year under review, the industrial relations both at Baroda and Ankleshwar units have remained cordial. As on 31st March, 2019, there were 404 employees in the Company. Due to the implementation of Voluntary Retirement Scheme (VRS) since F.Y. 2017 - 2018, the number of employees has been reduced substantially.

**7. MATERIAL CHANGES AND COMMITMENT, IF ANY**

Except as disclosed in para no.5 herein above, there are no other material changes and commitments affecting the financial position of the Company occurred from 1st April, 2019 to the date of this Report.

**8. SIGNIFICANT AND MATERIAL ORDERS, IF ANY**

During the year under review, no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status of the Company.

**9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure - "A"** attached to this Report.

**10. RISK MANAGEMENT**

The Company has been taking appropriate actions pursuant to Risk Management Policy from time to time to mitigate adverse impact of various Risks which may adversely affect the performance of the Company and may threaten the very existence of the Company. The provisions relating to Risk Management Committee is not applicable to the Company.

**11. THE CORPORATE SOCIAL RESPONSIBILITY**

As the provisions relating to the Corporate Social Responsibility (CSR) as prescribed u/s. 135 of the Companies Act, 2013 along with Rules made thereunder are not applicable to our Company and therefore, neither the CSR Committee nor the CSR Policy are required to be framed by the Company.

**12. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

During the year under review, the Company has not given any loans, guarantees or made any investments pursuant to Section 186 of the Companies Act, 2013.

**13. CREDIT RATING**

During the year under review, rating has been revised by CARE from "A" to "A- (A minus)" for Long Term Bank Facilities and From "A1 Plus" to "A1" for Short Term Bank Facilities due to continued weakness in the business, financial profile and dependency on single product (i.e Felt) after discontinuation of manufacturing of woolen & worsted fabrics.

**14. AUDITORS REPORTS**

The Auditors' Report issued by M/s. Dhirubhai Shah & Co. LLP on the Accounts is self-explanatory and therefore, does not call for any explanation. There were no qualifications, reservations or adverse remarks made by the above referred Statutory Auditors.

The Secretarial Audit Report and Secretarial Compliance Report issued by the Secretarial Auditor, M/s. Kashyap Shah & Co., Practicing Company Secretaries, Vadodara are self-explanatory and therefore, do not call for any explanation. There were no qualifications, reservations or adverse remarks made by the above referred Secretarial Auditor. The copies of the Secretarial Audit Report alongwith Secretarial Compliance report are attached as **Annexure - "B"**.

During the year under review, no fraud has been reported to the Audit Committee of the Company by the above referred Statutory Auditors and Secretarial Auditor.

**15. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The appointment of Directors, Key Managerial Personnel (KMP), payment of remuneration and discharge of their duties are as per the Remuneration Policy framed by the Company pursuant to Section 178(3) of the Companies Act, 2013. The Remuneration Policy can be viewed at Company's website [www.dineshmills.com](http://www.dineshmills.com) in "Investors" Section

**16. SEXUAL HARRASSMENT OF WOMAN EMPLOYEES**

The Company has constituted "Internal Complaints Committee" pursuant to the provisions of the Sexual Harassment of Woman at work place (prevention, prohibition & redressal) Act, 2013 and no complaint has been received by the Committee during the financial year 2018 - 2019.

**17. ANNUAL RETURN**

The extracts of Annual Return pursuant to Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annexure - "C"** attached to this Report.

**18. COMPLIANCE OF SECRETARIAL STANDARDS**

The Company has complied with the Secretarial Standard 1 (SS-1) relating to the meetings of the Board of Directors and Secretarial Standard 2 (SS-2) relating to the General meetings issued by the Institute of Company Secretarial of India and approved by the Central Government.

**19. THE MEETINGS OF THE BOARD OF DIRECTORS**

During the year under review, eight meetings of Board of Directors of the Company were held on 28/05/2018, 17/07/2018, 28/09/2018, 05/11/2018, 05/01/2019, 07/02/2019, 20/02/2019 and 30/03/2019.

**20. KEY MANAGERIAL PERSONNEL (KMP) AND REMUNERATION**

Shri Bharatbhai Patel, Chairman & Managing Director, Shri J B Sojitra, Company Secretary and Shri Apurva Shah, Chief Financial Officer are the KMP of the Company pursuant to Section 203 of the Companies Act, 2013 and the Rules made thereunder.

**REMUNERATION ETC. PURSUANT TO SECTION 197(12) AND THE RULES MADE THEREUNDER ARE AS UNDER:**

a) The ratio of the Remuneration of each Director to the median employee's remuneration for the financial year and such other details as given hereunder:

(1) Name : Shri Bharatbhai Patel (Chairman & Managing Director)

Ratio: 95:1

(2) Name: Shri Nimishbhai Patel (Managing Director)

Ratio: 95:1

- b) The percentage increase in Remuneration of each Director, Chief Financial Officer, Company Secretary during the financial year:
- (1) Shri Bharatbhai Patel - Chairman & Managing Director : 13%
  - (2) Shri Nimishbhai Patel - Managing Director : 13%
  - (3) Shri Apurva Shah - Chief Financial Officer: 10 %
  - (4) Shri J. B. Sojitra - Company Secretary : 24%
- c) The percentage increase in the median remuneration of employees in the financial year: 24%
- d) There are 404 permanent employees on the Roll of the Company.
- e) The explanation on the relationship between average increases in Remuneration and Company performance: The Company has made marginal profit but to retain the employees and considering the inflation, increments have been given.
- f) Comparison of the Remuneration of the Key Managerial Personnel (KMP) against the performance of the company: Despite continued sluggish domestic & international markets, intense competition on prices, cheaper imports from China and preference to the readymade garments, the revenue from Operations has been adversely affected but the Company has made marginal profit during the year under review especially due to exceptional cost incurred towards VRS to its employees. However, considering the qualifications, experience, long association, untiring efforts and their contribution to the Company, the remuneration are paid within the permissible limits under Schedule V to the Companies Act, 2013.

**21. CORPORATE GOVERNANCE**

The Report on Corporate Governance pursuant to the provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 along with the certificate of M/s. Dhirubhai Shah & Co. LLP, Chartered Accountants, Auditors of the Company are attached herewith as **Annexure - "D"** and **Annexure - "E"** respectively.

**22. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company has Subsidiary Companies viz. Dinesh Remedies Ltd., engaged in manufacturing of Empty hard Gelatin Capsules Shells at Village Mahuvad, Haranmal Road, Padra-Jambusar Highway, Taluka Padra, District Vadodara - 391 440.

Fernway Technologies Ltd. and Fernway Textiles Ltd., wholly owned subsidiary companies have changed the status from "Active Company" to "Dormant Company" w.e.f. 3rd April, 2019 Pursuant to section 455 of the Companies Act, 2013 read with rules made thereunder.

The financial statements of the above referred subsidiary companies are consolidated and the separate statements containing the salient features of the financial statement of these subsidiary companies have also been attached to the financial statement of the Company pursuant to the provisions of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (i.e. Ind AS).

**23. DEPOSITS**

The Company has neither accepted nor renewed any deposits pursuant to Section 73 and 76 of the Companies Act, 2013 and Rules made thereunder during the year under review.

**24. DIRECTORS**

Pursuant to Section 149 and 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors are not liable to retire by rotation whereas other Directors are liable to retire by rotation and accordingly, Shri J. B. Sojitra, Executive Director (Corporate Affairs) of the Company would retire by rotation and being eligible, offer himself for re-appointment. The particulars of the Director retiring by rotation and seeking re-appointment have been given in the Notice of the ensuing 84th Annual General Meeting (AGM) of the members of the Company.

During the current financial year, the first term of five years of Shri T. M. Patel and Shri Rakesh Agrawal as an Independent Directors of the Company would expire upon the conclusion of ensuing 84th AGM and they being eligible, offered themselves for re-appointment for the second term of five years period from conclusion of ensuing 84th AGM till the conclusion 89th AGM as set out in the Notice of 84th AGM.

**25. DECLARATION BY INDEPENDENT DIRECTORS**

The Independent Directors have given the declaration that, they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 read with Rules made thereunder and Clause (6) of sub-regulation (i) of Regulation 16 of SEBI (LODR) Regulation 2015.

**26. CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS**

The Certificate of Non Disqualification of Directors issued by M/s. Nilesh Savaliya & Associates, Practicing Company Secretaries pursuant to SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 is attached as **Annexure - "F"**.

**27. PERFORMANCE EVALUATION**

The performance evaluation of all the Directors including Independent Directors and the Board as a whole which includes the Committees thereof was done on 20th February, 2019 considering various criteria and also seeking inputs from all the Directors as per the Performance Evaluation Policy of the Company.

A separate meeting of Independent Directors was also held on 20th February 2019 and reviewed the performance of Non Independent Directors, performance of the Board as a whole and performance of the Chairperson of the Company taking into account the views of Executive and Non Executive Directors pursuant to the Performance Evaluation Policy of the Company.

**28. STATUTORY AUDITORS**

M/s. Dhirubhai Shah & Co. LLP, Chartered Accountants, Ahmedabad were appointed by the members as Statutory Auditors in the Annual General Meeting (AGM) every year. However, pursuant to provisions of Section 139 of the Companies Act, 2013, the Company is required to appoint the Statutory Auditors for a term of five consecutive years and therefore, members of the Audit Committee and Board of Directors have proposed to revise the term of appointment of M/s. Dhirubhai Shah & Co. LLP, Firm Registration No. 102511W as Statutory Auditors of the Company for a period of five years i.e. to hold the office as Statutory Auditors till the conclusion of 86th AGM subject to approval of the members of the Company.

**29. COMPOSITION OF AUDIT COMMITTEE AND VIGIL MECHANISM**

Presently, the Audit Committee consists of four Independent Directors viz. Shri Rakesh Agrawal, Shri T. M. Patel, Shri Sanjiv Shah and Mrs. Tarunaben Patel.

The Board of Directors of the Company had established the Vigil Mechanism pursuant to Section 177(9) of the Companies Act, 2013 and Rules made for Directors and Employees to report their genuine concerns. However, there were no instances reported to the Chairman of the Audit Committee during the year under review. The Whistle Blower Policy can be viewed at Company's website [www.dineshmills.com](http://www.dineshmills.com) in "Investors" Section.

**30. SHARES:**

- (a) **BUY BACK OF SECURITIES:** The Company has not bought back any of its securities during the year under review.
- (b) **SWEAT EQUITY:** The Company has not issued any Sweat Equity Shares during the year under review.
- (c) **BONUS SHARES:** No Bonus Shares were issued during the year under review.
- (d) **EMPLOYEES STOCK OPTION PLAN (ESOP):** During the year under review, the Board of Directors of the Company had allotted 16,200 equity shares of Rs.10/- each on 28th May, 2018 to the employees of the Company as per the terms & conditions of the ESOP-2016 Scheme of the Company based on the decision taken by the Nomination, Remuneration & Compensation Committee of the Directors of the Company and as a result thereof, paid up equity share capital of the Company has been increased from Rs.5,08,43,820 to Rs. 5,10,05,820 w.e.f. 28th May, 2018. The disclosure required pursuant Regulation 14 of SEBI (Share Based Employee Benefits), Regulations, 2014 is attached as **Annexure - "G"**.
- (e) **PREFERENTIAL ALLOTMENT:** During the year under review, the Company has issued 5,00,000 convertible warrants of Rs. 10/- per warrant with a premium of Rs.140/- per warrant to the members of Promoter Group which are convertible at the option of the Allottees in one or more tranche into equivalent number of equity shares of Rs.10/- each with a premium of Rs. 140/- per equity share within 18 months from the date of allotment of warrants and accordingly, 1,00,000 warrants have been converted into 1,00,000 equity shares of Rs.10/- each (1st tranche) on 30th March, 2019 and as a result thereof, paid up equity share capital of the Company has been increased from Rs.5,10,05,820 to Rs. 5,20,05,820 w.e.f. 30th March, 2019.

The Funds received under the preferential allotment were utilized for existing Business purpose as stated in the Notice of Extra Ordinary General Meeting held on 7th February 2019.

**SHRI DINESH MILLS LTD.**

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**31. EMPLOYEES' REMUNERATION:**

The details of the remuneration paid to the employees during the year under review are given in the **Annexure - "H"** to this Report pursuant Section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014. A statement showing remuneration paid to top 10 employees of the Company are available at the Company and the same will be provided to the members upon request for the same.

**32. INSURANCE:**

All the properties of the Company including buildings, plant & machinery and stocks have been insured.

**33. CONTRACTS / ARRANGEMENT WITH THE RELATED PARTIES**

During the year under review, no contracts / arrangements are entered with the Related Parties pursuant to Section 188 of the Companies Act, 2013. However, the transactions with Related Parties are given in Note No. 42 attached to the Annual Financial Statement as Good Corporate Governance practice and also disclosed in Form AOC-2 attached as **Annexure - "I"** to this Report.

**34. DIRECTORS RESPONSIBILITY STATEMENT:**

Your Directors confirm that:

- (a) in the preparation of the Annual Accounts for the financial year 2018-2019, the applicable Accounting Standards had been followed along with the proper explanation relating to material departures;
- (b) the Directors had selected such Accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the Annual Accounts on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the Company and that, such internal financial controls are adequate and were operating effectively.
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**35. ACKNOWLEDGEMENTS**

Your Board of Directors thanks all the stakeholders' viz. shareholders, customers, suppliers, bankers, employees for their support during the year under review.

For and on behalf of the Board of Directors

Place : Vadodara  
Date : 25th May, 2019

**BHARAT PATEL**  
CHAIRMAN

**ANNEXURE : A**

**A. CONSERVATION OF ENERGY:**

- (a) The steps taken or impact on Conservation of Energy: None
- (b) The steps taken by the Company for utilizing alternate sources of Energy: None
- (c) The Capital Investments on Energy Conservation Equipments: None

**B. TECHNOLOGY ABSORPTION:**

As no foreign technology is imported, the question of its absorption does not arise.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(Rs. in Lakhs)

Year	Earnings	Outgo
2018 - 2019	889.14	969.20

**FORM 'A'**

**RESEARCH & DEVELOPMENT:**

The R & D department of the Company is actively involved in product & process improvement / development as well as monitoring of Effluent Treatment Plants of the Company.

Expenditure on R & D: Rs. 21.00 Lakhs

Place : Vadodara  
Date : 25th May, 2019

For and on behalf of the Board of Directors  
**BHARAT PATEL**  
CHAIRMAN



**ANNEXURE-B**  
**Secretarial Audit Report**

(For the Financial year ended on 31st March , 2019)

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

To,  
The Members,  
**SHRI DINESH MILLS LIMITED**  
P.O. Box No. 2501, Padra Road  
Vadodara - 390 020

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Shri Dinesh Mills Limited (herein after called "the Company"), Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on 31 March, 2019, according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder.
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External commercial Borrowings.
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
  - A. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - B. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - C. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - D. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - E. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. - Not Applicable to the Company during the Audit Period;
  - F. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - G. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. - Not Applicable to the Company during the Audit Period; and
  - H. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. - Not Applicable to the Company during the Audit Period;

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.



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

Further, as per representation of management letter, considering its nature of business, process and location, the following Acts are specifically applicable to the Company. There are adequate systems and processes in the company to monitor and ensure compliance.

1. The water (prevention and control of pollution) Act, 1974 & Rules
2. Air (Prevention & Control of Pollution) Act, 1981 & Rules
3. Environment Protection Act, 1986 & Rules
4. Water Cess Act, 1977 & Rules

**We further report that;**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the year under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

We further report that during the audit period, the company has passed following major special resolutions at Annual General meeting held on 28.09.2018: (a) Re-appointment of Mr. Bharabhai Patel, Chairman & Managing Director w.e.f' 01.04.2018 and (b) Revision of remuneration to Mr. Nimishbhai Patel, Managing Director from 01.04.2018 to 13.01.2020. Further, at an Extra Ordinary General Meeting held on 07.02.2019, Special Resolution was passed for preferential issue of Warrants of the Company to the promoters/ promoter group.

For **Kashyap Shah & Co.**  
Practising Company Secretaries  
(**Kashyap Shah**)  
Proprietor  
FCS No. 7662; CP No. 6672

Place: Vadodara  
Date: May 22, 2019

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

Annexure to Secretarial Audit Report

To  
The members,  
**SHRI DINESH MILLS LIMITED**  
P.O. Box No. 2501,  
Padra Road  
Vadodara - 390 020

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and the 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. We believe that the processes and the practices, we followed provided a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we 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. Our examination was limited to the verification of procedures on test basis.
6. 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 **Kashyap Shah & Co.**  
Practising Company Secretaries  
**(Kashyap Shah)**  
Proprietor  
FCS No. 7662; CP No. 6672

Place: Vadodara  
Date: May 22, 2019

**ANNEXURE - "C"**  
**FORM No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

as at the Financial Year ended on 31st March, 2019  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

(i)	Corporate Identification Number (CIN)	L17110GJ1935PLC000494
(ii)	Registration Date	01/07/1935
(iii)	Name of the Company	SHRI DINESH MILLS LIMITED
(iv)	Category / Sub-Category of the Company	Indian Non-Govt. Company
(v)	Address of the Registered office and contact details	P. B. No.2501, Padra Road, Vadodara - 390020
(vi)	Whether Listed company	Listed Public Company
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	MCS SHARE TRANSFER AGENT LTD. 1st Floor, Neelam Apartmet, 88, Sampatrao Colony, Above Chappanbhog, Alkapuri, Vadodara - 390007

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Paper Makers' Felt	13999	76
2	Woolen & Worsted Fabrics	131	24

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
1	Dinesh Remedies Ltd. Shri Dinesh Mills premises, Akota Road, Vadodara	U24230GJ2005PLC045447	Subsidiary	55.52%	Section 2(46)
2	Fernway Technologies Limited Post Box No. 2501, Padra Road, Vadodara - 390020	U17301GJ2017PLC099607	Subsidiary	100%	Section 2(46)
3	Fernway Textiles Limited Post Box No. 2501, Padra Road, Vadodara - 390020	U17200GJ2017PLC099677	Subsidiary	100%	Section 2(46)

**SHRI DINESH MILLS LTD.**
**IV. SHARE HOLDING PATTERN: (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (1st April, 2018)				No. of Shares held at the end of the year (31st March, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	2288372	0	2288372	45.01	2288372	0	2388372	45.93	0.92
b) Central Govt.	0	0	0	0	0	0	0	0	NIL
c) State Govt.(s)	0	0	0	0	0	0	0	0	NIL
d) Bodies Corporate	0	0	0	0	0	0	0	0	NIL
e) Banks / FI	0	0	0	0	0	0	0	0	NIL
f) Any other	0	0	0	0	0	0	0	0	NIL
<b>Sub Total (A) (1):-</b>	<b>2288372</b>	<b>0</b>	<b>2288372</b>	<b>45.01</b>	<b>2288372</b>	<b>0</b>	<b>2388372</b>	<b>45.93</b>	<b>0.92</b>
<b>(2) Foreign</b>									
a) NRIs- Individuals	0	0	0	0	0	0	0	0	NIL
b) Others - Individuals	0	0	0	0	0	0	0	0	NIL
c) Bodies Corporate	0	0	0	0	0	0	0	0	NIL
d) Banks/FI	0	0	0	0	0	0	0	0	NIL
e) Any Other.	0	0	0	0	0	0	0	0	NIL
<b>Sub Total (B)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>NIL</b>
<b>Total shareholding of Promoter (A)=</b>									
<b>(A)(1)+(A)(2)</b>	<b>2288372</b>	<b>0</b>	<b>2288372</b>	<b>45.01</b>	<b>2288372</b>	<b>0</b>	<b>2388372</b>	<b>45.93</b>	<b>0.92</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	10	10	0.00	0	10	10	0.00	NIL
b) Banks / FI	2770	990	3760	0.07	2770	990	3760	0.07	NIL
c) Central Govt.	0	0	0	0	0	0	0	0	NIL
d) State Govt.(s)	0	0	0	0	0	0	0	0	NIL
e) Venture Capital Funds	0	0	0	0	0	0	0	0	NIL
f) Insurance Companies	0	0	0	0	0	0	0	0	NIL
g) FIIs	0	0	0	0	0	0	0	0	NIL
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	NIL
i) Others (specify)	0	0	0	0	0	0	0	0	NIL
<b>Sub-total (B)(1):-</b>	<b>2770</b>	<b>1000</b>	<b>3770</b>	<b>0.07</b>	<b>2770</b>	<b>1000</b>	<b>3770</b>	<b>0.07</b>	<b>NIL</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian	94274	6020	100294	1.97	104021	6020	110041	2.12	+0.15
ii) Overseas	0	0	0	0	0	0	0	0	NIL
b) Individuals :									
i) Individual shareholders holding nominal share capital upto Rs. 2/- Lakhs.	1384461	260250	1644711	32.35	1317336	222590	1539926	29.61	(2.74)

**IV. SHARE HOLDING PATTERN: (Equity Share Capital Breakup as percentage of Total Equity)**
**(i) Category-wise shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (1st April, 2018)				No. of Shares held at the end of the year (31st March, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs. 2/- Lakhs.	873728	0	873728	17.18	975030	0	975030	18.75	1.57
<b>c) Others, (specify)</b>									
Non Resident Indians	118047	350	118397	2.33	120323	350	120673	2.32	-0.01
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	NIL
Foreign Nationals	0	0	0	0	0	0	0	0	NIL
Clearing Members	0	0	0	0	0	0	0	0	NIL
Trusts	0	0	0	0	0	0	0	0	NIL
Foreign Bodies - D R	0	0	0	0	0	0	0	0	NIL
IEPF	55110	0	55110	1.08	62770	0	62770	1.21	0.13
<b>Sub-total (B)(2):-</b>	<b>2525620</b>	<b>266620</b>	<b>2792220</b>	<b>54.91</b>	<b>2579480</b>	<b>228960</b>	<b>2808440</b>	<b>54.00</b>	<b>(0.91)</b>
<b>Total Public Shareholding (B)= (B)(1)+ (B)(2)</b>	<b>2528390</b>	<b>267620</b>	<b>2796010</b>	<b>54.99</b>	<b>2582250</b>	<b>229960</b>	<b>2812210</b>	<b>54.07</b>	<b>(0.92)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>NIL</b>
<b>Grand Total (A+B+C)</b>	<b>4816762</b>	<b>335200</b>	<b>5084382</b>	<b>100</b>	<b>4970622</b>	<b>229960</b>	<b>5200582</b>	<b>100</b>	<b>NIL</b>

**(ii) Shareholding of Promoters:**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (i.e. 1st April, 2018)			Shareholding at the end of the year (i.e. 31st March, 2019)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Shri Bharatbhai Upendrabhai Patel	670088	13.18	NIL	695088	13.37	NIL	+0.19
2	Shri Nimishbhai Upendrabhai Patel	643852	12.66	NIL	668852	12.86	NIL	+0.20
3	Mrs. Jemika Karna Parikh	21160	0.42	NIL	21160	0.40	NIL	-0.02
4	Shri Aditya B. Patel	367443	7.23	NIL	392443	7.55	NIL	+0.32
5	Smt. Roopaben Bharatbhai Patel	54554	1.07	NIL	54554	1.05	NIL	-0.02
6	Smt. Arushaben Nimishbhai Patel	83085	1.64	NIL	83085	1.60	NIL	-0.04
7	Smt. Minal Shekhar Desai	34640	0.68	NIL	34640	0.67	NIL	-0.01
8	Smt. Ranak Kamlesh Lashkari	34060	0.67	NIL	34060	0.65	NIL	-0.02
9	Shri Nishank Nimishbhai Patel	379490	7.46	NIL	404490	7.78	NIL	+0.32

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

Sr. No.		Shareholding at the beginning of the year (1st April, 2018)		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total
1	At the beginning of the year (1st April, 2018)	2288372	45.01%	2288372	45.01%
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweatequity etc.) Allotment of 100000 equity shares upon conversion of 100000 warrants on 30-03-2019.	100000	0.92	100000	0.92
3	At the end of the year (31st March, 2019)	2388372	45.93%	2388372	45.93%

**(iv) Shareholding Pattern of top 10 shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)**

Sr. No.	For each of Top 10 Shareholders	Shareholding at the beginning of the year (i.e. 01.04.2018)		Shareholding at the Ending of the year (i.e. 31.03.2019)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Sharad Kanayalal Shah Varsha Sharad Shah Dipak Kanayalal Shah	204440	4.02	231205	4.45
2	Pranav Kumarpal Parekh Sanjeev Vinodchandra Parekh	93054	1.83	93054	1.79
3	Vinodchandra Mansukhlal Parekh Sanjeev Vinodchandra Parekh	90721	1.78	90721	1.74
4	Preeti Anand Patel	76750	1.51	76750	1.48
5	Muktilal Ganulal Paldiwal Taradevi Muktilal Paldiwal	74604	1.47	74604	1.43
6	Dipak Kanayalal shah Mita Dipak Shah Sharad Kanayalal Shah	69000	1.36	70050	1.35
7	Varsha Sharad Shah Sharad Kanayalal Shah Dipak Kanayalal Shah	64466	1.27	64466	1.24
8	Jigna Kanayalal Shah Sharad Kanayalal Shah Dipak Kanayalal Shah	51336	1.01	51336	0.99
9	Varsha Sharad Shah Sharad Kanayalal Shah Dipak Kanayalal Shah	49692	0.98	50690	0.97
10	Vinodchandra Mansukhlal Parekh	46328	0.91	46328	0.89

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year (01/04/2018)				
(1)	Shri B U Patel (CMD-KMP) = 670088 shares	1314982	25.86%	-	-
(2)	Shri N U Patel = 643852 shares				
(3)	Shri J. B. Sojitra = 11 Shares				
(4)	Shri T. M. Patel = 1020 shares				
(5)	Shri Rakesh Agrawal = NIL				
(6)	Shri Sanjiv Shah = NIL				
(7)	Mrs. Tarunaben Patel = NIL				
(8)	Shri J B Sojitra = 11 shares (CS-KMP)				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.).	52800	1.02%		
(1)	Shri B U Patel (CMD-KMP) = 25000 shares allotted on 30-03-2019				
(2)	Shri N U Patel = 25000 shares allotted on 30-03-2019				
(3)	Shri J. B. Sojitra = 2700 shares allotted on 28-05-2018				
(4)	Shri Rakesh Agrawal = 100 shares acquired on 12-03-2019.				
	At the end of the year (31/03/2019)				
(1)	Shri B U Patel (CMD-KMP) = 695088 shares*	1367771	26.30%	-	-
(2)	Shri N U Patel = 668852 shares*				
(3)	Shri J. B. Sojitra = 2711shares				
(4)	Shri T. M. Patel = 1020 shares				
(5)	Shri Rakesh Agrawal = 100 Shares				
(6)	Mrs. Tarunaben Patel = NIL				
(7)	Shri Sanjiv Shah = NIL				
(8)	Shri J B Sojitra =2711 shares (CS-KMP)				

\* increased due to Allotment of equity shares upon conversion of warrants on 30-03-2019.



**V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment** (Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year (i.e. 01/04/2018)</b>				
i) Principal Amount	54618358	0	45000	55406838
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i + ii + iii)</b>	<b>54618358</b>	<b>0</b>	<b>45000</b>	<b>55406838</b>
<b>Change in Indebtedness during the financial year (2018 - 2019)</b>				
** Addition	0	0	0	0
* Reduction	34770317	0	0	34770317
<b>Net Change</b>	<b>(34770317)</b>	<b>0</b>	<b>0</b>	<b>(34770317)</b>
<b>Indebtedness at the end of the financial year (i.e. 31/03/2019)</b>				
i) Principal Amount	19848041	0	45000	19893041
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total ( i + ii + iii )</b>	<b>19848041</b>	<b>0</b>	<b>45000</b>	<b>19893041</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager/KMP			Total Amount (Rs.)
		Shri B U Patel (CMD)	Shri N U Patel (MD)	Shri J.B.Sojitra (E.D. & C.S.)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	104,88,000/-	104,88,000/-	20,02,742/-	2,29,78,742/-
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	5,52,000/-	5,52,000/-	42,000/-	11,46,000/-
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	4,20,606/-	4,20,606/-
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL	NIL
	- as % of profit				
	- others, specify				
5	Others, please specify	NIL	NIL	NIL	NIL
	<b>Total (A)</b>	<b>1,10,40,000/-</b>	<b>1,10,40,000/-</b>	<b>24,65,348/-</b>	<b>2,45,45,348/-</b>
	Ceiling as per the ActAs per Schedule V to the Companies Act, 2013				

**B. Remuneration to other directors**

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount (Rs.)
		SMS	TMP	RA	TPP	
1	Independent Directors					
	Fee for attending board & committee meetings	105000	151000	179000	132000	567000
	Commission	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL
	<b>Total (1)</b>	<b>105000</b>	<b>151000</b>	<b>179000</b>	<b>132000</b>	<b>567000</b>
2	Other Non-Executive Directors					
	Fee for attending board & committee meetings	NIL	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL
	<b>Total (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Total (B)=(1+2)</b>	<b>105000</b>	<b>151000</b>	<b>179000</b>	<b>132000</b>	<b>567000</b>
Total Managerial Remuneration (A+B)		Rs. 25112348/-				
Overall Ceiling as per the Act		As per Schedule V to the Companies Act, 2013 & Rules				

SMS: Shri Sanjiv M. Shah, TMP: Shri T. M. Patel, RA: Shri Rakesh Agrawal, TPP: Mrs. Taruna P. Patel

**C. Remuneration to Key Managerial Personnel other than MD /Manager / WTD during the financial year 2018 - 2019**

Sr. No.	Particulars of Remuneration Key Managerial Personnel	Key Managerial Personnel			Total
		CEO	CS	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	As per the details given at Sr. VI hereinaabove	1032538	1032538
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	NIL		33600	33600
(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	NIL	NIL		NIL	
2	Stock Option	NIL		NIL	NIL
3	Sweat Equity	NIL		NIL	NIL
4	Commission				
	- as % of profit	NIL		NIL	NIL
	- others, specify	NIL		NIL	NIL
5	Others, please specify	NIL		NIL	NIL
	<b>Total</b>	<b>NIL</b>		<b>1366138</b>	<b>1366138</b>

CEO: Chief Executive Officer, CS: Company Secretary, CFO: Chief Financial Officer

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NA.	None	None	None	None
Punishment	NA.	None	None	None	None
Compounding	NA.	None	None	None	None
<b>B. DIRECTORS</b>					
Penalty	NA.	None	None	None	None
Punishment	NA.	None	None	None	None
Compounding	NA.	None	None	None	None
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NA.	None	None	None	None
Punishment	NA.	None	None	None	None
Compounding	NA.	None	None	None	None

Place : Vadodara  
Date : 25th May, 2019

For and on behalf of the Board  
**BHARAT PATEL**  
CHAIRMAN

**ANNEXURE - "D"**  
**REPORT ON CORPORATE GOVERNANCE**

The Directors present the Company's Report on Corporate Governance for the financial year 2018-2019.

**COMPANY'S PHILOSOPHY**

The code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) has been implemented in terms of the Listing Agreement with the BSE Ltd. from the year 2001-2002.

Corporate Governance refers to the practices adopted by a Company inter woven with laws, regulations, procedure and disclosures. It is aimed in the long run to maximize employees and shareholders value and fosters long-term partnership between the investors, employees and other stakeholders with the Company.

The Company believes in good Corporate Governance. Given below is the Report of Board of Directors of the Company on the Corporate Governance practices being followed by the Company.

**BOARD OF DIRECTORS AND COMMITTEES OF DIRECTORS:**

**(A) BOARD OF DIRECTORS:**

- (i) Composition: As on 31st March, 2019, the Board of Directors of the Company consisted of 7 members as per the details given hereunder. The members of the Board are from diverse field and having experience in business, finance, techno-commercial and management. The Company has Executive Chairman and the composition of the Board is in conformity with the Regulation 17(1) of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 and the provisions of the Companies Act, 2013 and Rules made thereunder.
- (ii) Other Directorship: Other Directorships/Committee memberships held by the Directors are as under:

Name of Director	Category of Director	Directorship held in other Companies		Committee membership held in other Companies	
		As a Director	As a Chairman	As a Member	As a Chairman
Shri B. U. Patel	C.M.D.	4	1	NIL	NIL
Shri N. U. Patel	M.D.	5	2	4	1
Shri T. M. Patel	I.D.	NIL	NIL	NIL	NIL
Shri Rakesh Agrawal	I.D.	5	1	5	1
Shri Sanjiv Shah	I.D.	2	NIL	2	NIL
Mrs. Taruna Patel	I.D.	1	NIL	NIL	NIL
Shri J.B. Sojitra	E.D.	NIL	NIL	NIL	NIL

C.M.D. - Chairman & Managing Director,

M.D. - Managing Director,

I.D. - Independent Director,

E.D. - Executive Director (Corporate Affairs).

- Notes: (1) (1) Excludes Directorships held in Private Limited Companies, Foreign Companies, Companies u/s. 8 of the Companies Act, 2013 and Memberships of Managing Committees of various Chambers/Institutions/Boards.
- (2) Only Memberships/Chairmanships of Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Risk Management Committee and Corporate Social Responsibility Committee have been considered.

**SHRI DINESH MILLS LTD.**

- (iii) Board Meetings held during the year & attendance of Directors: During the financial year ended 31st March 2019, Eight Board Meetings were held on 28/05/2018, 17/07/2018, 28/09/2018, 05/11/2018, 05/01/2019, 07/02/2019, 20/02/2019 and 30/03/2019 and the attendance of Directors are as under:

Name of Director	No. of Board Meetings attended	Attendance at the last AGM held on 28/09/2018
Shri B. U. Patel	08	Yes
Shri N. U. Patel	07	Yes
Shri T. M. Patel	07	Yes
Shri Rakesh Agrawal	08	Yes
Shri Sanjiv M. Shah	06	No
Mrs. Taruna Patel	06	Yes
Shri J. B. Sojitra	08	Yes

- (iv) Particulars of Director retiring by rotation and seeking re-appointment have been given in the Notice convening the 84th Annual General Meeting and Explanatory Statement, attached thereto.

**(B) COMMITTEES OF DIRECTORS:**
**✓ AUDIT COMMITTEE:**

- (a) Composition, Name of Members and Chairperson:

The Audit Committee of the Company comprises of four Independent Directors. All the members of the Audit Committee are qualified and having insight to interpret & understand financial statements. The Audit Committee comprises of the following members:

Sr.	Name of member	Category
1	Shri Rakesh Agrawal	Chairman
2	Shri T. M. Patel	Member
3	Shri Sanjiv M. Shah	Member
4	Mrs. Tarunaben Patel	Member

The Company Secretary has been designated as the 'Secretary' to the Audit Committee.

- (b) Terms of Reference:

The Audit Committee shall have powers, roles, review of information etc. pursuant to Section 177 of the Companies Act, 2013 read with Rules made thereunder and Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 including the amendment(s), if any, as may be made from time to time.

- (c) Meetings and Attendance during the year:

During the financial year ended 31st March, 2019, four meetings of the Audit Committee were held on 28/05/2018, 17/07/2018, 05/11/2018 and 07/02/2019 and the attendances of the Members are as follows:

Sr.	Name of member	No. of Meetings attended
1	Shri Rakesh Agrawal	04
2	Shri T. M. Patel	03
3	Shri Sanjiv M. Shah	03
4	Mrs. Tarunaben Patel *	04

M/s. Dhirubhai Shah & Co. LLP, Statutory Auditors and the Internal Auditor of the Company are invited to attend the Audit Committee meetings. The minutes of the meetings of the Audit Committee are also circulated to all the members of the Board.

Shri Rakesh Agrawal, Chairman of the Audit Committee remained present at the Annual General Meeting to answer the shareholders queries.

✓ **NOMINATION, REMUNERATION & COMPENSATION COMMITTEE:**

(a) **Composition, Name of Members and Chairperson:**

The Nomination, Remuneration & Compensation Committee of the Company comprises three Independent Directors. The names & category of the Committee members are as follows:

Sr.	Name of member	Category
1	Shri T. M. Patel	Chairman
2	Shri Sanjiv Shah	Member
3	Shri Rakesh Agrawal	Member

(b) **Terms of Reference:**

The Nomination, Remuneration & Compensation Committee shall have powers, roles etc. pursuant to Section 178 of the Companies Act, 2013 read with Rules made thereunder and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 including the amendment(s), if any, as may be made from time to time.

(c) **Meetings and Attendance during the year:**

During the year ended 31st March, 2019, two meetings of the Nomination, Remuneration & Compensation Committee were held on 28/05/2018 and 20/02/2019 and the attendances of the Members are as follows:

Sr.	Name of member	No. of Meetings attended
1	Shri T. M. Patel	02
2	Shri Sanjiv Shah	01
3	Shri Rakesh Agrawal	02

(d) **The Remuneration Policy:**

The Nomination & Remuneration Committee had recommended the Remuneration Policy of the Company to the Board of Directors which was adopted by the Board at their meeting held on 6th February, 2015 and the said Policy can be viewed on the Company's website [www.dineshmills.com](http://www.dineshmills.com) in the "Investors" Section.

(e) **Remuneration paid to the Directors during the financial year ended 31st March, 2019:**

(Amount in Rs.)

Name of Director	Salary	Perks	Sitting Fees	Total
Shri B. U. Patel	104,88,000/-	5,52,000/-	NIL	110,40,000/-
Shri N. U. Patel	104,88,000/-	5,52,000/-	NIL	110,40,000/-
Shri T. M. Patel	NIL	NIL	1,51,000/-	1,51,000/-
Shri Rakesh Agrawal	NIL	NIL	1,79,000/-	1,79,000/-
Shri Sanjiv Shah	NIL	NIL	1,05,000/-	1,05,000/-
Mrs. Taruna Patel	NIL	NIL	1,32,000/-	1,32,000/-
Shri J.B. Sojitra	20,02,742/-	4,62,606/-	NIL	24,65,348/-

Except Independent Directors, all the members of the Board are liable to retire by rotation. The terms of appointment of the Managing Directors are approved by the Board, as per recommendations of the Nomination, Remuneration & Compensation Committee, considering the provisions of the Companies Act, 2013 read with Rules made thereunder which is presently based on Schedule V to the Companies Act, 2013 and also considering the Remuneration Policy of the Company, subject to approval of shareholders. The Shareholding of Directors of the Company as on 31st March, 2019 is as follows:

Name of Director	Designation	No. of Equity Shares	% of shareholding
Shri B. U. Patel	Chairman & Managing Director	6,95,088	13.37
Shri N. U. Patel	Managing Director	6,68,852	12.86
Shri T. M. Patel	Non Executive Independent Director	1,020	0.02
Shri Rakesh Agrawal	Non Executive Independent Director	100	0.00
Shri Sanjiv Shah	Non Executive Independent Director	NIL	NIL
Mrs. Taruna Patel	Non Executive Independent Director	NIL	NIL
Shri J.B. Sojitra	Executive Director (Corporate Affairs)	2711	0.05

At present, sitting fees of Rs.10,000/- per meeting is paid to all the members of the Board except Shri B. U. Patel, Shri N. U. Patel and Shri J. B. Sojitra and Rs.9,000/- per meeting to all the members of the Committees of Directors.

✓ **STAKEHOLDERS RELATIONSHIP COMMITTEE:**

(a) **Composition:**

As on 31st March, 2019, the Stakeholders Relationship Committee comprises the following three Independent Directors:

Sr.	Name of member	Category
1	Shri Rakesh Agrawal	Chairman
2	Shri T. M. Patel	Member
3	Mrs. Tarunaben Patel	Member

The Company Secretary has been designated as the "Secretary" to the Stakeholders Relationship Committee.

(b) **Terms of Reference:**

The Stakeholders Relationship Committee shall have powers, roles etc. pursuant to Section 178(5) of the Companies Act, 2013 read with Rules made thereunder and Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 including the amendment(s), if any, as may be made from time to time.

(c) **Meetings and Attendance during the year:**

During the year ended 31st March, 2019, four meetings of the Stakeholders Relationship Committee were held on 28/05/2018, 17/07/2018, 05/11/2018 and 07/02/2019 and the attendance of the Members are as follows:

Sr.	Name of member	No. of Meetings attended
1	Shri Rakesh Agrawal	04
2	Shri T. M. Patel	03
3	Mrs. Tarunaben Patel	04

(d) Status of Transfers: During the year ended 31st March, 2019, 7,910 equity shares in physical form were transferred and as on 31st March, 2019, no share transfer was pending.

(e) Complaints: During the year ended 31st March, 2019, the Company had received 04 complaints and disposed off the same and therefore, no complaint was pending for redressal.

**(C) MEETING OF THE INDEPENDENT DIRECTORS:**

As per provisions of the Companies Act, 2013 read with Rules made thereunder and the Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a separate meeting of the Independent Directors was held on 20th February, 2019 to consider the following agenda:

- Review the performance of Non-Independent directors and the Board as a whole including Committees thereof.
- Review the performance of the Chairperson of the Company.
- Asses the efficacy and adequacy of flow of information.

Except Mrs. Taruna Patel, all other Independent Directors were present in the meeting held on 20th February, 2019 and they considered the above referred agenda.

The performance evaluation of all the Directors including Independent Directors and the Board as a whole which includes the Committees thereof was done on 20th February, 2019 as per the Performance Evaluation Policy of the Company.

**(D) SUBSIDIARY COMPANY:**

Dinesh Remedies Ltd. (DRL). The Company holds 1,30,98,095 (i.e. 55.52%) equity shares in the share capital of DRL as on 31st March, 2019. DRL is engaged in manufacturing of Empty Hard Gelatin Capsules shells at its factory situated at Village Mahuvad, Taluka Padra, District Vadodara.

The Company holds 100% equity share capital of Fernway Technologies Ltd. and Fernway Textiles Ltd., wholly owned subsidiary companies and they have yet to start its Business Operations.

The requirements relating to subsidiary companies pursuant to Regulation 24 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are complied with during the financial year 2018-2019.

**(E) GENERAL BODY MEETINGS:** The details of the last three Annual General Meetings of the Company held and number of Special Resolution passed thereat are as follows:

AGM Number	Year Ended	Venue	Day, Date & Time	No. of Special Resolution Passed
81st	31/03/2016	Registered Office at Padra Road, Vadodara	Tuesday, 27th September, 2016 At 11.00 A.M.	03
82nd	31/03/2017	Registered Office at Padra Road, Vadodara	Wednesday, 27th September, 2017 At 11.00 A.M.	01
83rd	31/03/2018	Registered Office at Padra Road, Vadodara	Friday, 28th, September, 2018 At 11.00 A.M.	02

During the financial year 2018-2019, one Extra-Ordinary General Meeting of shareholders of the Company was held on 7th February, 2019 and no Resolution was required to be passed through postal ballot.

**(F) DISCLOSURES:**

- The Remuneration Policy, the Policy on Related Party Transactions and Risk Management Policy: These Policies have been placed on the Website of the Company and the same can be viewed at [www.dineshmills.com](http://www.dineshmills.com) in "Investors" Section.
- During the year, there were no transactions of material nature with related parties that had potential conflict with the interests of the Company and the transactions entered with Related Parties were in the ordinary course of business and on Arms' length basis. The Policy for determining "material subsidiaries" can be viewed at [www.dineshmills.com](http://www.dineshmills.com) in "Investors" Section.
- During preparation of financial statement during the period under review, no accounting treatment which was different from that prescribed in the Accounting Standards was followed.
- The Company has complied with the requirements of Regulatory Authorities on capital markets and no penalties/strictures have been imposed against it in the last three years.
- There were no material financial and commercial transactions where senior management of the Company who had personal interest that may have a potential conflict with the interest of the Company at large.
- The Whistle Blower Policy for Directors and employees which have been placed in the website of the Company and the same can be viewed at [www.dineshmills.com](http://www.dineshmills.com) in "Investors" Section. No personnel have been denied access to the Audit Committee.
- The Company had formed the Committee to deal with the complaints, if any regarding sexual harassment of woman employees and no complaint was received by the Committee during the financial year 2018-2019.
- The declaration by the Chairman & Managing Director (CMD) for compliance of Code of Conduct by all Board members and Senior Management personnel of the Company during the year 2018-2019 pursuant to Regulation 17(5) read with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as **Annexure-"A"**.
- The policy on preservation of Documents which have been placed on the website of the Company and the same can be viewed at [www.dineshmills.com](http://www.dineshmills.com) in "Investors" Section.



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**SHRI DINESH MILLS LTD.**

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**(G) MEANS OF COMMUNICATION:**

The quarterly, half-yearly and yearly financial results of the Company are sent to the BSE Ltd. immediately after the same are approved by the Board and the said results are published in financial and non-financial newspapers and the same were also placed on the website of the Company and same can be viewed at [www.dineshmills.com](http://www.dineshmills.com) in "Investors" Section.

**(H) CODE OF CONDUCT:**

The Code of Conduct for Directors and Senior Management Employees of the Company is available on the Company's website and the same can be viewed on [www.dineshmills.com](http://www.dineshmills.com) in "Investors" Section.

**(I) CMD /CFO CERTIFICATION:**

The Certificate duly signed by the Chairman & Managing Director (CMD) and the Chief Finance Officer (CFO) for the financial year ended 31st March, 2019 pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached as **Annexure-"B"**.

**(J) FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

The Chairman and Secretary of the Company used to familiarize the Independent Directors of the Company, their roles, rights, responsibilities, nature of the industry in which the Company operates, etc. from time to time.

**(K) THE NON-MANDATORY REQUIREMENTS:**

- a. Office of the Chairman of the Board and re-imburement of expenses by the Company: The Company has Executive Chairman and therefore, the reimbursement of expenses to the Non Executive Chairman is not applicable.
- b. Shareholders' Rights: The Company's financial results are published in the newspapers and also posted on its own website. ([www.dineshmills.com](http://www.dineshmills.com)). However, the Company furnishes the same, if the request is made by the shareholders.
- c. Audit Qualification: The Company, at present, does not have any audit qualification pertaining to the financial statement.
- d. Separate posts of Chairman and CEO: Shri Bharat Patel is a Chairman & Managing Director of the Company pursuant to Articles of Association of the Company and therefore, no separate posts for Chairman & CEO is required.
- e. Reporting of the Internal Auditor: The Internal Auditor reports to the Chairman & Managing Director of the Company. However, Internal Audit Reports are considered by the Audit Committee of the Company on quarterly basis.

**(L) SHAREHOLDER INFORMATION:**

1. Annual General Meetings:

The 84th Annual General Meeting will be held at 11.00 A.M. on 26th September, 2019, at Registered Office of the Company situated at Padra Road, Vadodara - 390 020.

2. Financial Calendar for the financial year 2019-2020:

First quarterly results	By 14th August, 2019
Half Yearly results	By 14th November, 2019
Dividend payment, if any	By 25th October, 2019
Third quarterly results	By 14th February, 2020
Fourth quarterly results alongwith Audited	By 30th May, 2020
Annual Results for the year 2019-2020	
Annual General Meeting for the year 2019-20	By 30th September, 2020.

3. Book Closure Dates:

The period for Book Closure is from 7th September, 2019 to 14th September, 2019 (both days inclusive).

4. Dividend Payment Date:

Dividend, if any will be paid on or before 25th October, 2019.

5. Listing on Stock Exchange & payment of Listing Fees:

The equity shares of the Company is listed on BSE Limited (BSE), P. J. Towers, Dalal Street, Mumbai - 400 001 having Stock Code 503804 and the Company has paid the Annual Listing Fees for the year 2019-2020 to BSE Ltd.

6. Annual Custody Fees to Depositories

The Annual Custody Fees for the year 2019-2020 to both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) have been paid.

7. International Securities Identification Number (ISIN) of the Company:

The International Securities Identification Number (ISIN) of the Company's shares in the dematerialized mode, as allotted by NSDL and CDSL is INE204C01024 and ISIN for convertible warrants is INE204C13011.

8. Market Price Data

As the equity shares of the Company are listed on BSE Ltd., monthly high & low price of Company's equity shares, traded quantity and monthly High & Low of BSE Sensex for the period from April, 2018 to March, 2019 are given hereunder:

Month & Year	Price (Rs.)		Traded Quantity	Sensex	
	High	Low		High	Low
April, 2018	202.90	160.20	30234.00	35213.30	32972.56
May, 2018	191.00	141.30	52131.00	35993.53	34302.89
June, 2018	186.00	142.00	17504.00	35877.41	34784.68
July, 2018	167.85	132.25	5565.00	37644.59	35106.57
August, 2018	162.00	125.00	27372.00	38989.65	37128.99
September, 2018	151.20	110.45	5052.00	38934.35	35985.63
October, 2018	127.00	103.10	12677.00	36616.64	33291.58
November, 2018	146.00	108.00	11364.00	36389.22	34303.38
December, 2018	152.00	111.10	25459.00	36554.99	34426.29
January, 2019	180.00	131.00	57797.00	36701.03	35375.51
February, 2019	141.00	121.00	6614.00	37172.18	35287.16
March, 2019	143.00	120.00	22343.00	38748.54	35926.94

9. Registrar & Share Transfer Agent:

The Company has appointed MCS Share Transfer Agent Limited as its R & T Agent and the contact details are as under:

**MCS SHARE TRANSFER AGENT LIMITED**

Administrative Office: 1st Floor, Neelam Apartment, 88, Sampatrao Colony, Above Chhapanbhog, Alkapuri, Vadodara - 390 007

Email: [mcsltbaroda@gmail.com](mailto:mcsltbaroda@gmail.com) | Phone No.: (0265) 2350490, 2314757

Fax No. (0265) 2341639 | Website: [www.mcsregistrars.com](http://www.mcsregistrars.com)

10. Investor Grievances:

The Company has designated an exclusive E-mail ID viz. [complianceofficer@dineshmills.com](mailto:complianceofficer@dineshmills.com) to enable the investors to send their grievances, if any.

11. Share Transfer System:

For expeditious transfer of shares, the Company Secretary approves share transfers on fortnight basis and the same is reported to the Board of Directors from time to time.

12. Shareholding Pattern:

Shareholding Pattern as on 31st March, 2019 is as under:

Category	No. of Equity Shares As at 31/03/2019	%
Directors & Relatives (Promoters Group)	2388372.00	45.92
Mutual Funds (UTI)	10.00	0.00
Banks	3760.00	0.07
Financial Institutions	NIL	NIL
Foreign Institutional Investors	NIL	NIL
Non-resident Indians	120673.00	2.32
Bodies Corporate	110041.00	2.12
I.E.P.F. Authority	62770.00	1.21
Others (Public)	2514956.00	48.36
<b>Total</b>	<b>52,00,582</b>	<b>100.00</b>

13. Distribution of Shareholding:

Distribution of shareholding as on 31st March, 2019 is as under:

Sr. No.	Nominal value of equity shares (Rs.)	No. of Shareholders	% of Total	Nominal value of shares (Rs.)	% of Total
1	Upto 5000	8414.00	94.30	6839160.00	13.15
2	5001-10,000	251.00	2.81	1969150.00	3.78
3	10,001-20,000	122.00	1.37	1728020.00	3.32
4	20,001-30,000	39.00	0.44	970920.00	1.86
5	30,001-40,000	22.00	0.24	763090.00	1.50
6	40,001-50,000	8.00	0.09	349790.00	0.67
7	50,001-1,00,000	26.00	0.29	1848400.00	3.55
8	1,00,001-500000	25.00	0.28	5895710.00	11.34
9	500001-1000000	11.00	0.12	7720800.00	14.84
10	1000001 & Above	5.00	0.06	23920780.00	45.99
	<b>Total</b>	<b>8923</b>	<b>100</b>	<b>52005820</b>	<b>100</b>

14. 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 BSE Ltd. and to the Board of Directors from time to time.

15. Dematerialization of Shares and Liquidity:

As per notification issued by SEBI, with effect from 26th June 2000, it has become mandatory to trade in the Company's shares in the electronic form. The Company's shares are available for trading in the depository systems of both the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL). The shareholding of Promoters Group is 100% in Demat form.

The Physical and Dematerialization position of the Company's equity shares as on 31st March, 2019 and 31st March, 2018 are as under:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	%	No. of Shares	%
No. of Demat Shares				
- NSDL	2059079	40.37	2011334	39.56
- CDSL	2811543	55.12	2805428	55.18
No. of Physical Shares	229960	4.51	267620	5.26
<b>Total</b>	<b>5100582</b>	<b>100</b>	<b>5084382</b>	<b>100</b>

16. Address for correspondence with Depositories are as under:

National Securities Depository Ltd. Trade World, 4th & 5th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel Mumbai - 400013	Central Depository Services (India) Ltd. P. J. Towers, 17th Floor, Dalal Street, Mumbai - 400001
Telephone No.: 022-24994200 Facsimile No: 022-24972993/6351	Telephone No.: 022 - 22723333 Facsimile No: 022 - 22723199/2072
Email: <a href="mailto:info@nsdl.co.in">info@nsdl.co.in</a> Website: <a href="http://www.nsdl.co.in">www.nsdl.co.in</a>	Email: <a href="mailto:investors@cdslindia.com">investors@cdslindia.com</a> Website: <a href="http://www.cdslindia.com">www.cdslindia.com</a>

17. Outstanding GDR/Warrants and Convertible Bonds, Conversion Dates and likely impact on Equity:

The Company has not issued GDRs/ADRs. However, the Company has allotted 5,00,000 Convertible Warrants of Rs.10/- each with a premium of Rs.140/- each to the Promoter Group on preferential basis on 20th February, 2019 which is convertible at the option of the warrant holders at any time within 18 months from the date of allotment, in one or more tranche(s) and accordingly, 1,00,000 warrants have been converted into 1,00,000 equity shares of Rs.10/- each with a premium of Rs.140/- each on 30th March, 2019 and 4,00,000 convertible warrants are outstanding as at 31st March, 2019.

18. Plant Locations are as under:

Location / Unit	Address
Vadodara Unit	P. B. No.2501, Padra Road, Vadodara - 390020
Ankleshwar Unit	Plot No. 43, 44, Village Bhadkodra, Kapodra Road, Near N.H. No.8 Ankleshwar, District - Bharuch

19. Address for correspondence with the Compliance Officer of the Company:

Mr. J. B. Sojitra  
Executive Director (Corporate Affairs) & Company Secretary  
**SHRI DINESH MILLS LIMITED**  
(CIN - L17110GJ1935PLC000494)  
P. B. No. 2501, Padra Road, Vadodara - 390 020  
Phone: (0265) 2330060/61/62/63/64/65 (6 lines), Fax No.: (0265) 2336195  
Emails: [complianceofficer@dineshmills.com](mailto:complianceofficer@dineshmills.com), [sojitra@dineshmills.com](mailto:sojitra@dineshmills.com)  
Website: [www.dineshmills.com](http://www.dineshmills.com)

20. Auditors Certificate: The Certificate dated 25th May, 2019 issued by M/s. Dhirubhai Shah & Co. LLP, Statutory Auditors of the Company regarding compliance of the conditions of the Corporate Governance by the Company during the year 2018 - 2019 is attached as **Annexure - "E"**.

Place : Vadodara  
Date : 25th May, 2019

For and on behalf of the Board  
**BHARAT PATEL**  
CHAIRMAN & MANAGING DIRECTOR



**SHRI DINESH MILLS LTD.**

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ANNEXURE - "A"

To,  
The Board of Directors,  
Shri Dinesh Mills Limited  
Padra Road,  
Vadodara - 390 020

Dear Sirs,

**Sub: DECLARATION BY CMD FOR THE COMPLIANCE WITH THE CODE OF CONDUCT OF THE COMPANY**

This is to state that, the Company had adopted a revised Code of Conduct in the meeting of the Board of Directors held on 6th February, 2015. After adoption of the revised Code of Conduct, the same was circulated to all the Board Members and Senior Management Personnel for compliance. The revised Code of Conduct has also been posted on the website of the Company. The Company has received declaration from all the Board Members and Senior Management Personnel affirming compliance of the Code of Conduct of the Company in respect of the financial year 31st March, 2019.

This declaration is given pursuant to Regulation 17(5) read with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Place: Vadodara  
Date: 15th May, 2019

**For Shri Dinesh Mills Limited,  
Bharat Patel  
Chairman & Managing Director**

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ANNEXURE - "B"

To,  
The Board of Directors,  
Shri Dinesh Mills Limited  
Padra Road,  
Vadodara - 390 020

Dear Sirs,

**Sub: CEO and CFO Certification as per Regulation 17(8) SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 with BSE Limited.**

We certify that:

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2019 and that, to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable Laws and Regulations.

- B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept the responsibility for establishing and maintaining internal controls for financial reporting and that, we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify these deficiencies.
- D. We have indicated to the Auditors and the Audit committee:
1. significant changes in internal control over financial reporting during the year;
  2. that no significant changes in accounting policies during the year has taken place; and
  3. that neither instances of significant fraud of which we have become aware nor the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Shri Dinesh Mills Limited**  
**Bharat Patel**  
**Chairman & Managing Director (CMD)**

**For Shri Dinesh Mills Limited**  
**Apurva Shah**  
**Chief Financial Officer (CFO)**

Place: Vadodara  
Date: 15th May, 2019

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ANNEXURE - "E"  
AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF  
CONDITIONS OF CORPORATE GOVERNANCE

To the Members of,  
**Shri Dinesh Mills Limited,**

We have examined the compliance of conditions of Corporate Governance by Shri Dinesh Mills Limited, for the year ended 31st March, 2019 as per the Regulations 17 to 27 of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015 read with Uniform Listing Agreement executed by the Company with BSE Limited.

We state that, such compliance 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  
**Dhirubhai Shah & Co. LLP**  
Chartered Accountants  
Firm Registration Number: 102511W

**Harish B. Patel**  
Partner  
Membership No. 014427

Place : Vadodara  
Date : 25th May, 2019

**ANNEXURE - "F"**  
**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of Shri Dinesh Mills Limited,  
Post Box No. 2501, Padra Road,  
Vadodara - 390 020

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors Shri Dinesh Mills Limited having CIN: L17110GJ1935PLC000494 and having registered office at Post Box No. 2501, Padra Road, Vadodara - 390 020 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In 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](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, New Delhi or any such other Statutory Authority.

<b>Sr. No.</b>	<b>Name of Directors</b>	<b>DIN</b>	<b>Date of appointment</b>
1	Shri Rakesh Shivbhagwan Agrawal	00057955	10/02/2011
2	Shri Tanuj Manubhai Patel	00016788	20/09/1984
3	Shri Sanjiv Mahendralal Shah	00065796	29/03/2016
4	Mrs. Taruna Prayasvin Patel	00181786	29/03/2016
5	Shri Bharatbhai Upendrabhai Patel	00039543	01/04/2010
6	Shri Nimishbhai Upendrabhai Patel	00039549	04/01/1995
7	Shri Jaman Boghabhai Sojitra	00036120	28/11/1996

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

Place: Surat  
Date : 15/05/2019

For Nilesh Savaliya & Associates  
Sd/-  
Name: Nileshkumar S. Savaliya  
Membership No.: 51007  
CP No.: 18632

**ANNEXURE - "G"**  
**DISCLOSURE UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS),  
REGULATIONS, 2014**

Disclosures with respect to Employees' Stock Option Scheme, 2016 of the Company pursuant to Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2019:

- (A) Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by Institute of Chartered Accountants of India or any other relevant accounting standards as prescribed from time to time**

Please refer the Audited Financial Statement prepared as per Indian Accounting Standard (Ind-AS) for the year 2018-19.

- (B) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Ind-AS 33**

Diluted EPS for the year ended March 31, 2019 is 0.38 calculated in accordance with Ind-AS 33 (Earnings per Share)

- (C) Details related to Employees' Stock Option Purchase - 2016 of Shri Dinesh Mills Limited ("ESOP - 2016")**

i) The description including terms and conditions of ESOP Scheme - 2016 is summarized as under:

(a)	Date of shareholder's approval	September 27, 2016
(b)	Total number of options approved under ESOS:	100000 employee stock options ("ESOPs") exercisable into not more than 1,00,000 (One Lac) Equity Shares of the company under "ESOP 2016" in one or more tranches have approved by the shareholders at 81st AGM of the Company.
(c)	Vesting requirement	The options granted shall vest so long as the employee continues to be in the employment of the company. The options would vest not earlier than one year and later than three years from the date of grant of options as may be decided by Nomination, Remuneration & Compensation Committee.
(d)	Exercise Price or pricing formula	The "Exercise Price" shall be the face value of the Equity share (i.e Rs. 10/-).
(e)	Maximum term of option granted	The options granted shall vest over a period of three years in the following manner subject to approval of the Nomination, Remuneration & Compensation Committee: i. 30% of the options at the end of one year from the date of grant. ii. 30% of the options at the end of the two year from the date of grant iii. 40% of the options at the end of the three year from the date of grant
(f)	Source of shares (Primary, secondary or combination)	Primary
(g)	Variation in terms of options	None

(ii) Option movement during the year:

(a)	Number of options outstanding at the beginning of year	54000
(b)	Number of options granted during the year	NIL
(c)	Number of options forfeited / lapsed during the year	NIL
(d)	Number of options vested during the year	16,200
(e)	Number of options exercised during the year	16,200
(f)	Number of shares arising as a result of exercise of options	16,200
(g)	Money realized by exercise of options (?)	1,62,000/-
(h)	Loan repaid by the Trust during the year from exercise price received	NIL
(i)	Number of options outstanding at the end of the year	37800
(j)	Number of options exercisable at the end of the year	16200



**SHRI DINESH MILLS LTD.**
**(iii) Employee wise details of options granted during the year:**

- (a) Key managerial personnel and senior managerial personnel - Nil
- (b) Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year - Nil
- (c) Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant - Nil

**(iv) Method used to account for ESOP Scheme - 2016:**

The Company shall follow intrinsic value method of accounting to records the employees compensation cost with respect to options/ shares issued under this scheme.

**ANNEXURE - "H"  
EMPLOYEES' REMUNERATION:**

The details of the remuneration paid to the employees pursuant to Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 for the year ended 31st March, 2019 are as under:

Sr. No.	Name	Age	Designation	Remuneration (Rs. in lakhs)	Qualification & experience	Date of commencement of employment	Last employment Before joining the Company with designation
1.	Shri Bharatbhai U. Patel	65	Chairman & Managing Director	110.40	B.Text, M.B.A. (USA) (44)	12-05-1973	First Employment
2.	Shri Nimishbhai U. Patel	53	Managing Director	110.40	B.B.A., M.B.A. (Finance) (U.S.A) (26)	01-12-1990	- Do -

**Notes:**

1. Remuneration includes Salary, Allowances and Perquisites as per the terms of their appointments read with the Schedule V to the Companies Act, 2013 & Rules made thereunder.
2. Managing Directors at Sr. No.1 & 2 above are related to each other.
3. Nature of employment: Appointments of Managing Directors are contractual in nature. Other terms and conditions as per the Company's Rules.
4. No employee of the Company was in receipt of Remuneration during the financial year 2018-2019 at a rate which in the aggregate is in excess of that drawn by the Managing Directors of the Company and no employee except Managing Directors hold Equity Shares by himself or alongwith his spouse and dependent children in excess of 2% of equity shares of the Company.

Place : Vadodara  
Date : 25th May, 2019

For and on behalf of the Board  
**BHARAT PATEL**  
CHAIRMAN & MANAGING DIRECTOR

**ANNEXURE - "I"  
FORM NO. AOC-2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**FORM FOR DISCLOSURE OF PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013 INCLUDING CERTAIN ARM'S LENGTH TRANSACTIONS UNDER THE THIRD PROVISIO THERETO.**

1. Details of contracts or arrangements or transactions not at arm's length basis: None
2. Details of material contracts or arrangements or transactions at arm's length basis: There were no material contracts or arrangements or transactions entered into by the Company with any Related Party during the year review. However, the particulars of Related Party transactions carried out in the ordinary course of business and at arm's length basis are given in Note No. 42 forming part of the financial statements of this Annual Report.

Place : Vadodara  
Date : 25th May, 2019

For and on behalf of the Board  
**BHARAT PATEL**  
CHAIRMAN & MANAGING DIRECTOR

**Independent Auditor's Report**

**To the Members of Shri Dinesh Mills Limited**

**Report on the Standalone Ind As Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of Shri Dinesh Mills Limited ("the Company"), which comprises of the balance sheet as at 31st March 2019, and the statement of Profit and Loss (including other comprehensive income), and the Statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Response to Key Audit Matter
<p><b>A. Inventory valuation</b></p> <p>Reference may be made to note 3.7 of significant accounting policies and note 9 to the financial statements of the Company.</p> <p>Under Ind AS 2 Inventories, the valuation of raw material and other supplies have been an area of our focus being prime cost center of the Company. The valuation of finished goods has also been focused upon being a material amount.</p> <p>Valuation of Inventory in accordance with Ind AS 2 has thus been considered as a key audit matter.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures comprised of the following:</p> <ol style="list-style-type: none"> <li>1. We have verified the maintenance of Stock Records with respect to Raw materials and Finished Goods and Inventory has being verified physically by management at year end and no material discrepancies have reported that need to be dealt with the books of accounts.</li> <li>2. We have selected a sample of items of Raw materials and other supplies to check whether the rate per unit adopted for valuation is reflective of the last purchase rate (Realizable price). Similarly, the rate per unit of various finished goods have been checked on a sample basis as to whether they reflect the net sale price (Realizable price).</li> </ol>

**SHRI DINESH MILLS LTD.**

Key Audit Matter Description	Response to Key Audit Matter
	<p><b><u>Conclusion:</u></b></p> <p>Based on the procedures performed above, we have concluded that management has complied with the requirements of Ind AS 2 "Inventories".</p>
<p><b>B. Evaluation of uncertain tax positions</b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 38 of the financial statement of the company.</p>	<p><b>Principal Audit Procedures</b></p> <p>We performed the following substantive procedures:</p> <ul style="list-style-type: none"> <li>• Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</li> </ul> <p><b><u>Conclusion</u></b></p> <p>We agree with management's evaluation</p>

**Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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 implementation and maintenance of 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 statement 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.

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that

is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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 standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The balance sheet, the statement of profit and loss and the cash flow statement 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



**SHRI DINESH MILLS LTD.**

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- e. On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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, wherever necessary, of pending litigations on its financial position in its financial statements;
  - ii. the Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For,  
**Dhirubhai Shah & Co. LLP**  
Chartered Accountants  
Firm's Registration Number: 102511W/W100298

**Harish B Patel**  
Partner  
Membership Number: 014427

Place : Vadodara  
Date: 25th May 2019

**ANNEXURE - A TO THE AUDITOR'S REPORT**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2019, we report that:

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has a regular program of physical verification of its fixed assets. In accordance with this program, fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us, the inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. Discrepancies noticed on physical verification of inventory as compared to book records were not material.
- (iii) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, and therefore, the provisions of clauses (iii)(a) & (iii)(b) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits covered by the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- (vi) In our opinion and according to the information and explanations given to us and based on books of account, maintenance of cost records under section 148(1) of the Companies Act, 2013 is not applicable to the company and hence paragraph 3(vi) of the Order is not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, Goods and Service Tax and any other statutory dues with the appropriate authorities.
- According to the information and explanations given to us, in our opinion no undisputed amounts payable in respect of statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Value Added Tax, Central Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess, Goods and Service Tax and other statutory dues applicable to it were in arrears as at the balance sheet date for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and records of the company examined by us, the following dues of income tax and duty of excise as at March 31, 2019 which have not been deposited by the Company on account of any disputes.

Financial period to which it relates	Act	Nature of Dues	Forum where dispute is pending	Amount (Rs. In Lakhs)
A.Y 2002-2003	Income Tax Act, 1961	Disallowance under Business Income	High Court, Gujarat	8.92
A.Y 2010-2011	Income Tax Act, 1961	Disallowance under Business Income	Income Tax Appellate Tribunal, Ahmedabad	28.37
A.Y 2011-2012	Income Tax Act, 1961	Disallowance under Business Income	Income Tax Appellate Tribunal, Ahmedabad	275.95
A.Y 2012-2013	Income Tax Act, 1961	Disallowance under Business Income	Income Tax Appellate Tribunal, Ahmedabad	107.43
A.Y 2013-2014	Income Tax Act, 1961	Disallowance under Business Income	Income Tax Appellate Tribunal, Ahmedabad	5.48
A.Y. 2014-2015	Income Tax Act, 1961	Disallowance under Business Income	Income Tax Appellate Tribunal, Ahmedabad	146.72
A.Y. 2015-2016	Income Tax Act, 1961	Disallowance under Business Income	Income Tax Appellate Tribunal, Ahmedabad	109.99
A.Y 1998-1999	The Central Excise Act, 1944	Disallowed MODVAT credit taken on capital goods	Joint Commissioner of Central Excise, Surat-II	4.94

**SHRI DINESH MILLS LTD.**

Financial period to which it relates	Act	Nature of Dues	Forum where dispute is pending	Amount (Rs.In Lakhs)
A.Y 1998-1999	The Central Excise Act, 1944	Excise duty on blended yarn	Dy. Commissioner of Central Excise and Custom, Ankleshwar	2.73
A.Y 2004-2008	The Central Excise Act, 1944	Excise duty on Polyester Tops	Central Excise and Customs Appellant Tribunal, Ahmedabad	200.64
A.Y 2008-2009	The Central Excise Act, 1944	Excise duty on Polyester Tops	Central Excise and Customs Appellant Tribunal, Ahmedabad	2.47
A.Y 2009-2010	The Central Excise Act, 1944	Excise duty on Polyester Tops	Central Excise and Customs Appellant Tribunal, Ahmedabad	3.31

- (viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution, banks, Government or debenture holder during the year.
- (ix) In our opinion and according to the information and explanation given to us, the term loans were applied for the purposes for which loans were raised.
- (x) Based upon the audit procedures performed and according to the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Ind AS.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the provisions of section 42 of the Companies Act, 2013 in respect of preferential allotment of share warrants, out of which some warrant holders have partly converted warrants into equity shares, during the year under audit. According to the information and explanations given by the management, we report that the aggregate amount of Rs. 187.50 Lacs (25% of total consideration) was raised or received on issue of share warrants and on conversion of warrants into equity, the amount so raised have been used for the purpose for which the amount was raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For,  
**Dhirubhai Shah & Co. LLP**  
Chartered Accountants  
Firm's Registration Number: 102511W/W100298

**Harish B Patel**  
Partner  
Membership Number: 014427

Place : Vadodara  
Date: 25th May 2019

ANNEXURE - B to the Auditor's Report

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Shri Dinesh Mills Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting 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 over financial reporting 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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.





**SHRI DINESH MILLS LTD.**

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**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For,

**Dhirubhai Shah & Co. LLP**

Chartered Accountants

Firm's Registration Number: 102511W/W100298

**Harish B Patel**

Partner

Membership Number: 014427

Place : Vadodara  
Date: 25th May 2019

**STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2019**

	Note No.	As at 31-03-2019 Rs. In Lakhs	As at 31-03-2018 Rs. In Lakhs	
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
(a) Property, Plant and Equipment	4	3,297.91	3,667.15	
(b) Capital Work in Progress	4	-	5.60	
<b>(c) Financial Assets</b>				
(i) Investments	5	1,350.72	1,351.55	
(ii) Loans	6	105.39	100.51	
(iii) Others	7	16.60	17.05	
(d) Other Non Current Assets	8	-	3.15	
			<u>4,770.62</u>	5,145.01
<b>CURRENT ASSETS</b>				
(a) Inventories	9	1,993.31	2,853.82	
<b>(b) Financial Assets</b>				
(i) Investments	10	4,664.36	3,502.80	
(ii) Trade Receivables	11	693.67	905.18	
(iii) Cash and Cash Equivalents	12	410.41	308.34	
(iv) Bank balances other than above (ii)	13	21.77	20.30	
(v) Others	14	33.36	34.54	
(c) Other Current Assets	15	224.31	190.86	
			<u>8,041.19</u>	7,815.83
<b>TOTAL ASSETS</b>			<u><u>12,811.80</u></u>	<u><u>12,960.84</u></u>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity Share Capital	16	520.06	508.44	
(b) Other Equity	17	9,574.13	9,328.31	
			<u>10,094.19</u>	9,836.75
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	18	-	198.63	
(ii) Others	19	210.25	245.34	
(b) Provisions	20	308.83	378.51	
(c) Deferred Tax Liabilities (Net)	21	146.46	250.65	
(d) Other Non Current Liabilities	22	64.29	64.78	
			<u>729.83</u>	1,137.91
<b>CURRENT LIABILITIES</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	23	(88.43)	(101.56)	
(ii) Trade Payables	24	206.69	262.73	
(iii) Other Financial Liabilities	25	315.62	466.58	
(b) Other Current Liabilities	26	1,476.36	1,269.63	
(c) Provisions	27	77.54	88.80	
			<u>1,987.78</u>	1,986.18
<b>TOTAL EQUITY &amp; LIABILITIES</b>			<u><u>12,811.80</u></u>	<u><u>12,960.84</u></u>

Corporate Information, Basis of Preparation & Significant Accounting Policies 1-3

The accompanying notes 1 to 44 are an integral part of the Standalone Financial Statements

As per our Report of even date	For and on behalf of the Board of Directors
<b>For Dhirubhai Shah &amp; Co.</b>	<b>N. U. Patel</b>
Chartered Accountants	Managing Director
Firm's Registration Number: 102511W/W100298	<b>B. U. Patel</b>
<b>Harish B Patel</b>	Chairman & Managing Director & CEO
Partner	<b>J. B. Sojitra</b>
Membership No.: 014427	Company Secretary
Vadodara, 25th May, 2019	Vadodara, 25th May, 2019



**SHRI DINESH MILLS LTD.**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**

	Note No.	2018-19 Rs. In Lakhs	2017-18 Rs. In Lakhs	
<b>INCOME</b>				
Revenue from operations	28	6,876.44	7,814.43	
Other income	29	393.03	408.03	
<b>TOTAL INCOME</b>		<u>7,269.47</u>	<u>8,222.46</u>	
<b>EXPENSES</b>				
Cost of Materials Consumed	30	1,381.45	2,069.12	
Purchase of Stock-in-trade	31	137.37	176.32	
Changes in inventories of finished goods, Stock-in-Trade and work-inprogress	32	720.16	446.42	
Excise Duty		-	127.84	
Employee benefits expense	33	2,386.26	2,820.98	
Finance Costs	34	114.57	150.11	
Depreciation and amortization expenses	4	662.12	709.42	
Other expenses	35	1,676.62	1,856.12	
<b>TOTAL EXPENSES</b>		<u>7,078.55</u>	<u>8,356.33</u>	
<b>Profit/(Loss) before exceptional items and tax</b>		<u>190.92</u>	<u>(133.86)</u>	
Exceptional items (net)	36	275.89	516.77	516.77
<b>Profit/(Loss) before tax</b>		<u>(84.97)</u>	<u>(650.63)</u>	
Tax items				
Current tax		-		
Earlier years tax provisions (written back)		-	-	
Deferred tax (asset) / liability		(104.24)	(84.84)	
Total tax items		<u>(104.24)</u>	<u>(84.84)</u>	
<b>Profit/(Loss) for the year</b>		<u>19.27</u>	<u>(565.79)</u>	
<b>Other Comprehensive Income</b>				
Items that will not be re-classified to Profit or Loss				
Re-measurement gains/ (losses) on post employment benefit plans		11.30		46.71
Loss on fair valuation of investment in equity shares		(0.83)		-
<b>Other Comprehensive Income/ (Loss) for the year</b>		<u>10.47</u>		<u>46.71</u>
<b>Total Comprehensive Income/ (Loss) for the year</b>		<u>29.74</u>	<u>(519.08)</u>	
<b>Earnings Per Equity Share (Basic)</b>	37	<b>0.38</b>		(11.13)
<b>Earnings Per Equity Share ( Diluted)</b>	37	<b>0.38</b>		(11.13)

**Corporate Information, Basis of Preparation & Significant Accounting Policies 1-3**

The accompanying notes 1 to 44 are an integral part of the Standalone Financial Statements

As per our Report of even date	For and on behalf of the Board of Directors	
<b>For Dhirubhai Shah &amp; Co.</b> Chartered Accountants Firm's Registration Number: 102511W/W100298	<b>N. U. Patel</b> Managing Director	<b>B. U. Patel</b> Chairman & Managing Director & CEO
<b>Harish B Patel</b> Partner Membership No.: 014427 Vadodara, 25th May, 2019	<b>Apurva Shah</b> Chief Financial Officer Vadodara, 25th May, 2019	<b>J. B. Sojitra</b> Company Secretary



**SHRI DINESH MILLS LTD.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

<b>Particulars</b>	<b>2018-19</b>	<b>2017-18</b>
	<b>Rs. In Lakhs</b>	<b>Rs. In Lakhs</b>
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/ (loss) Before Tax</b>	<b>(84.97)</b>	<b>(650.63)</b>
Adjustments for:		
Depreciation and amortization	<b>662.12</b>	<b>709.42</b>
Interest and finance charges	<b>114.57</b>	<b>150.11</b>
Interest income	<b>(12.53)</b>	<b>(22.86)</b>
Dividend Income	<b>(17.21)</b>	<b>(196.94)</b>
Sundry Balances Written Back	<b>-</b>	<b>(42.54)</b>
Employee Benefits	<b>11.30</b>	<b>(46.71)</b>
Fair Valuation of Employee Stock Options	<b>(2.17)</b>	<b>37.18</b>
Gain on account of Fair valuation of Investments as per IND AS	<b>(185.47)</b>	<b>-</b>
<b>Operating Profit before Working Capital Changes</b>	<b>485.64</b>	<b>(62.97)</b>
Adjustments for changes in working capital :		
(Increase)/decrease in trade receivables	<b>211.51</b>	<b>65.34</b>
(Increase)/decrease in other assets	<b>(33.73)</b>	<b>90.50</b>
(Increase)/decrease in inventories	<b>860.51</b>	<b>667.71</b>
(Increase)/decrease in Trade Payables	<b>(56.04)</b>	<b>(4.03)</b>
(Increase)/decrease in Other Liabilities	<b>(25.65)</b>	<b>(182.18)</b>
<b>Cash Generated from Operations</b>	<b>1,442.24</b>	<b>574.37</b>
<b>Net Cashflow from Operating Activities</b>	<b>1,442.24</b>	<b>574.37</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<b>(309.84)</b>	<b>(120.55)</b>
Disposal/Transfer of Fix Assets	<b>16.96</b>	<b>-</b>
Additions in capital work in progress	<b>-</b>	<b>(5.60)</b>
Transfer of capital work in progress	<b>5.60</b>	<b>-</b>
Purchase of Investments	<b>(976.07)</b>	<b>(144.40)</b>
Dividend Income	<b>17.21</b>	<b>196.94</b>
Interest received	<b>12.53</b>	<b>22.86</b>
<b>Net Cashflow from Investing Activities</b>	<b>(1,233.61)</b>	<b>(50.75)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Borrowings		
Receipts/(Payments)	<b>(221.87)</b>	<b>(335.84)</b>
Dividend Paid	<b>(91.94)</b>	<b>(91.79)</b>
Issue of Equity Share Capital	<b>11.62</b>	<b>-</b>
Securities Premium Received	<b>160.20</b>	<b>-</b>
Application Money Received	<b>150.00</b>	<b>-</b>
Interest and finance charges	<b>(114.57)</b>	<b>(150.11)</b>
<b>Net Cashflow from Financing Activities</b>	<b>(106.56)</b>	<b>(577.74)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>102.07</b>	<b>(54.12)</b>
Cash and bank balances at the beginning of the year	<b>308.34</b>	<b>362.46</b>
Cash and bank balances at the end of the year	<b>410.41</b>	<b>308.34</b>

**SHRI DINESH MILLS LTD.**
**NOTES:**

- 1) The above cash flow statement has been prepared as per the "Indirect method" set out in the Indian Accounting Standard (Ind AS) - 7 Statement of Cash Flows
- 2) Figures in bracket indicate cash outflow.
- 3) Previous year figures have been regrouped and recast wherever necessary to confirm to current year's classification.

**Cash and cash equivalents at the end of the year consist of cash on hand, cheques, draft on hand and balance with banks as follows:**

<b>DETAIL OF CASH AND CASH EQUIVALENTS</b>	<b>As at 31-03-2019</b>	<b>As at 31-03-2018</b>
	<b>Rs. In Lakhs</b>	<b>Rs. In Lakhs</b>
Balances with banks		
In current accounts	<b>408.73</b>	304.91
Fixed Deposits	<b>0.64</b>	0.64
Cash on hand	<b>1.04</b>	2.79
	<b><u>410.41</u></b>	<b><u>308.34</u></b>

As per our Report of even date  
**For Dhirubhai Shah & Co.**  
 Chartered Accountants  
 Firm's Registration Number: 102511W/W100298

**Harish B Patel**  
 Partner  
 Membership No.: 014427  
 Vadodara, 25th May, 2019

**N. U. Patel**  
 Managing Director

**Apurva Shah**  
 Chief Financial Officer

Vadodara, 25th May, 2019

For and on behalf of the Board of Directors

**B. U. Patel**  
 Chairman & Managing Director & CEO

**J. B. Sojitra**  
 Company Secretary



**SHRI DINESH MILLS LTD.**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

**(A) EQUITY SHARE CAPITAL**

For the year ended 31st March, 2019

(Rs. In Lakhs)

Balance as at 1st April, 2018	Changes during the year	Balance as at 31st March, 2019
508.44	11.62	520.66

**(A) OTHER EQUITY**

For the year ended 31st March, 2019

Particulars	Capital Redemption Reserve	Securities Premium	General Reserve	ESOP Outstanding	Retained Earnings	FVOCI Reserve	Total Equity
Balance as at 1st April, 2018	19.31	-	8,558.56	41.27	696.77	12.40	9,328.31
Profit/(Loss) for the year	-	-	-	-	19.27	-	19.27
Addition during the year	-	160.20	-	18.03	-	-	178.23
Adjustments on account of proposed dividends	-	-	-	-	(91.94)	-	(91.94)
Written Back	-	-	20.20	-	-	-	-
Fair Valuation Gains on Investments in Equity Instruments	-	-	-	-	-	(0.83)	(0.83)
Remeasurements gain/(loss) on defined benefit plans	-	-	-	-	-	11.30	11.30
<b>Balance as at 31st March, 2019</b>	<b>19.31</b>	<b>160.20</b>	<b>8,558.56</b>	<b>39.10</b>	<b>624.10</b>	<b>22.87</b>	<b>9,424.14</b>

As per our Report of even date  
For **Dhirubhai Shah & Co.**  
Chartered Accountants  
Firm's Registration Number: 102511W/W100298

**Harish B Patel**  
Partner  
Membership No.: 014427  
Vadodara, 25th May, 2019

**N. U. Patel**  
Managing Director

**Apurva Shah**  
Chief Financial Officer  
Vadodara, 25th May, 2019

For and on behalf of the Board of Directors  
**B. U. Patel**  
Chairman & Managing Director & CEO

**J. B. Sojitra**  
Company Secretary

## NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

**4 - PROPERTY, PLANT AND EQUIPMENT**

(Rs. In Lakhs)

	TANGIBLE ASSETS							INTANGIBLE ASSETS				
	Land	Lease hold Land	Buildings	Plant and Equipment	Furniture and Dead Stock	Vehicles	Electrical Installations	Tubewell and Water Works	Total	Softwares	CAPITAL WORK IN PROGRESS	Total
<b>Cost:</b>												
As at 1st April, 2018	321.25	5.55	625.95	18,454.83	336.67	391.09	97.92	14.45	20,247.71	37.61	5.60	43.21
Additions	-	-	-	130.14	3.01	166.23	-	-	299.38	10.47	-	10.47
Disposals / transfers	-	-	-	111.23	-	53.17	-	-	164.40	-	5.60	5.60
<b>As at 31st March, 2019</b>	<b>321.25</b>	<b>5.55</b>	<b>625.95</b>	<b>18,473.74</b>	<b>339.68</b>	<b>504.15</b>	<b>97.92</b>	<b>14.45</b>	<b>20,382.69</b>	<b>48.08</b>	<b>-</b>	<b>48.08</b>
<b>Accumulated depreciation:</b>												
As at 1st April, 2018	-	-	483.96	15,429.07	294.45	291.91	92.67	12.14	16,604.20	13.97	-	13.97
Depreciation charged during the year	-	0.09	16.30	586.56	13.80	37.84	0.15	0.82	655.56	6.57	-	6.57
Disposals / transfers	-	-	-	96.16	-	51.28	-	-	147.44	-	-	-
<b>As at 31st March, 2019</b>	<b>-</b>	<b>0.09</b>	<b>500.26</b>	<b>15,919.47</b>	<b>308.25</b>	<b>278.47</b>	<b>92.82</b>	<b>12.96</b>	<b>17,112.32</b>	<b>20.54</b>	<b>-</b>	<b>20.54</b>
<b>Net book value</b>												
As at 31st March, 2018	321.25	5.55	141.99	3,025.76	42.22	99.18	5.25	2.31	3,643.51	23.64	5.60	29.24
As at 31st March, 2019	321.25	5.46	125.69	2,554.27	31.43	225.68	5.10	1.49	3,270.37	27.54	-	27.54

Note: 4.1 Gross Block is carried at cost except Leasehold Land which is at cost less amounts written off.

Note: 4.2 Amount written off Rs. 0.09 Lakhs of Leasehold Land has been debited to Profit and Loss Account under the head Depreciation and Amortization Expenses.



**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>5 - NON - CURRENT FINANCIAL ASSETS - INVESTMENTS</b>		
<b>Investments (Unquoted)</b>		
<b>(A) Investments at Cost</b>		
(a) Investments in Equity Shares		
- Investment in Subsidiaries	1,319.81	1,319.81
- Others	0.05	0.05
	<u>1,319.86</u>	<u>1,319.86</u>
(b) Investments in Bonds	<u>18.76</u>	<u>18.76</u>
	<u>18.76</u>	<u>18.76</u>
	<u>1,338.62</u>	<u>1,338.62</u>
<b>(B) Fair Value through Other Comprehensive Income</b>		
(a) Investments in Equity Shares	<u>12.10</u>	<u>12.93</u>
	<u>12.10</u>	<u>12.93</u>
	<u>1,350.72</u>	<u>1,351.55</u>

**Details of Investments**

(Rs. In Lakhs)

	Face value per unit in Rs. unless otherwise specified	No. of shares/units	Value	
			As at 31-03-2019	As at 31-03-2018
Unquoted Investments:				
Investment in equity instruments				
Investment in subsidiary company (At cost)				
Dinesh Remedies Limited	Rs. 10	1,30,98,095	1,309.81	1,309.81
Fernway Technologies Limited	Rs. 10	50,000	5.00	5.00
Fernway Textiles Limited	Rs. 10	50,000	5.00	5.00
Others (At cost)				
Gujarat Sheep & Wool Development Corporation Limited	Rs. 100	50	0.05	0.05
Others (At FVOCI)				
Narmada Cleantech Limited	Rs. 10	1,86,265	12.10	12.93
			<u>1,331.96</u>	<u>1,332.79</u>
Investment in bonds				
GOI Secutities - 2019 - Coupon Rate 6.90%			18.76	18.76
<b>Total</b>			<u>1,350.72</u>	<u>1,351.55</u>





**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>6 - NON - CURRENT FINANCIAL ASSETS - LOANS</b>		
Unsecured, considered good, unless otherwise stated		
Security deposits	105.39	100.51
	<u>105.39</u>	<u>100.51</u>
Allowance for Doubtful Loans		
Company has analysed any allowance for doubtful loans based on the 12 months expected credit loss model. - Refer Note - 44		
<b>7 - NON - CURRENT FINANCIAL ASSETS - OTHERS</b>		
Fixed Deposit Account (having maturity period of more than 12 months)*	16.60	17.05
	<u>16.60</u>	<u>17.05</u>
* Includes margin deposit	15.00	15.00
<b>8 - NON - CURRENT ASSETS - OTHERS</b>		
Deferred Balance - Security Deposits	-	3.15
	<u>-</u>	<u>3.15</u>
<b>9 - INVENTORIES</b>		
(valued at lower of cost and net realizable value)		
Raw Material	467.98	616.51
Work in Progress	527.21	1,014.11
Finished Goods	534.13	767.38
Consumable Stores and Spares	463.99	455.82
	<u>1,993.31</u>	<u>2,853.82</u>
- As per inventory taken and valued by the Management		
<b>9.1 - DETAILS OF RAW MATERIAL</b>		
<u>Imported:</u>		
Wool	-	68.34
Yarn	162.47	209.38
Fibre	134.14	181.97
Miscellaneous	0.10	0.10
<u>Indigeneous:</u>		
Wool	4.07	-
Yarn	159.33	119.06
Fibre	7.70	37.48
Miscellaneous	0.18	0.18
	<u>467.98</u>	<u>616.51</u>



**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>9.2 - DETAILS OF WORK-IN-PROGRESS</b>		
Woolen worsted	100.58	671.62
Felt	426.63	342.49
	527.21	1,014.11

**9.3 - DETAILS OF FINISHED GOODS**

Woolen worsted fabrics	203.11	433.48
Felt	326.71	329.39
Readymade garments	4.31	4.51
	534.13	767.38

**10 - CURRENT FINANCIAL ASSETS - INVESTMENTS**

Quoted investments

A. Fair Value through Profit and Loss

a. Investment in Mutual Funds

4,664.36	3,502.80
4,664.36	3,502.80

**a. Details of Current Investments**

**Name of Funds**

	As at 31-03-2019		As at 31-03-2018	
	No. of Units	(Rs. In Lakhs)	No. of Units	(Rs. In Lakhs)
Reliance Money Manager Fund	5,813.98	58.60	48,837.54	492.31
ICICI Prudential Equity Arbitrage Fund	78,39,251.56	1,911.67	85,83,900.61	1,170.85
IDFC Arbitrage Fund	6,68,140.51	155.56	32,371.99	4.10
Kotak Equity Arbitrage Fund	30,86,040.73	814.17	55,16,198.65	589.84
Reliance Arbitrage Advantage Fund	89,64,411.69	1,697.45	46,41,108.59	491.03
Aditya Birla Sun Life Arbitrage Fund	1,42,256.49	26.91	-	-
HDFC Balance Fund	-	-	87,790.34	26.68
Birla Sunlife Mutual Fund	-	-	1,97,941.41	25.59
HDFC Arbitrage Fund - WS Normal	-	-	33,78,853.11	702.41
<b>Total</b>		4,664.36		3,502.80

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>11 - TRADE RECEIVABLES</b>		
<b>Unsecured</b>		
Considered good	693.67	905.18
Considered doubtful	-	-
	<u>693.67</u>	<u>905.18</u>
Less: Provision for doubtful debts	-	-
	<u>693.67</u>	<u>905.18</u>
Allowance for Doubtful Debts		
Company has analysed any allowance for doubtful debts based on the lifetime expected credit loss model. - Refer Note - 44		
<b>12 - CASH AND CASH EQUIVALENTS</b>		
A) Balances with Banks		
- In Current Accounts	408.73	304.91
- In Fixed Deposits having a maturity period of less than 3 months	0.64	0.64
	<u>409.37</u>	<u>305.55</u>
B) Cash on Hand		
	1.04	2.79
	1.04	2.79
	<u>410.41</u>	<u>308.34</u>
Balances with Bank in current account includes amount received from promoters and promoters group towards allotment of share warrants convertible into equity shares		
	<u>113.00</u>	<u>-</u>
<b>13 - BANK BALANCES OTHER THAN ABOVE</b>		
A) Balances with Banks		
- Unpaid Dividend	21.77	20.30
	<u>21.77</u>	<u>20.30</u>
<b>14 - CURRENT - OTHER FINANCIAL ASSETS</b>		
Interest and Dividend receivable on Investments	6.35	5.12
Government Incentives receivable	27.01	29.42
	<u>33.36</u>	<u>34.54</u>
<b>15 - CURRENT ASSETS - OTHERS</b>		
Unsecured, considered good, unless otherwise stated		
Advances other than Capital Advances		
Other Loans and Advances	1.64	2.02
Statutory Dues (net)	18.64	33.47
Advance to Suppliers	166.94	138.06
Prepaid Expenses	37.09	17.31
	<u>224.31</u>	<u>190.86</u>



**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>16 - SHARE CAPITAL</b>		
<b>Authorised:</b>		
95,00,000 Equity Shares of Rs. 10 each	950.00	950.00
50,000 unclassified shares of Rs. 100 each	50.00	50.00
<b>Issued, Subscribed and paid-up:</b>		
5,084,382 (March 31, 2018: 5,084,382 Equity Shares of Rs. 10 each fully paid up)	520.06	508.44
	<u>520.06</u>	<u>508.44</u>

**16.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting year**

Particulars	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	(Rs. In Lakhs)	No. of Shares	(Rs. In Lakhs)
At the beginning of the year	50,84,382	5,08,43,820	50,84,382	5,08,43,820
Add: Shares issued pursuant to ESOP 2016 Scheme	16,200	1,62,000	-	-
Add: Shares issued pursuant to conversion of warrants	1,00,000	10,00,000	-	-
Shares outstanding at the end of the year	52,00,582	5,20,05,820	50,84,382	5,08,43,820

**Note:**

- During the year, the company has allotted 16,200 equity shares of Rs. 10 each to the employees under the ESOP - 2016 Scheme.
- Upon conversion of equivalent warrants, 1,00,000 equity shares of Rs. 10 each at a premium of Rs. 140 per equity share were allotted to the Promoters group.

**16.2. Terms/Rights attached to the equity shares**

The Company has one class of shares referred to as equity shares having a par value of Rs. 10 each. Each shareholder is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**16.3. Number of Shares held by each shareholder holding more than 5% Shares in the company**

Name of Share Holder	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Shri B. U. Patel	6,95,088	13.37	6,70,088	13.18
Shri N. U. Patel	6,68,852	12.86	6,43,852	12.66
Shri N. N. Patel	4,04,490	7.78	3,79,490	7.46
Shri A. B. Patel	3,92,443	7.55	3,67,443	7.23



**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>17 - OTHER EQUITY</b>		
<b>Capital Redemption Reserve</b>		
Opening balance	19.31	19.31
Add: Addition during the year	-	-
Less: Written back during the year	-	-
Closing balance	<u>19.31</u>	<u>19.31</u>
<b>Securities Premium</b>		
Opening balance	-	-
Add: Addition during the year	160.20	-
Less: Transfer to Retained Earnings	-	-
Closing balance	<u>160.20</u>	<u>-</u>
<b>General Reserve</b>		
Opening balance	8,558.56	9,258.56
Add: Addition during the year	-	-
Less: Transfer to Retained Earnings	-	(700.00)
Closing balance	<u>8,558.56</u>	<u>8,558.56</u>
<b>Retained Earnings</b>		
Opening balance	696.77	654.35
Add: Net Profit/(Net Loss) For the current year	19.27	(565.79)
Add/(Less): Adjustments on account of Ind-AS	-	-
- Transfer from General Reserves	-	700.00
- Fair Valuation of Financial Liabilities	-	-
- Fair Valuation of Financial Assets	-	-
- Effect on account of Employee Stock Options	-	-
- Proposed Dividend paid during the year	(91.94)	(91.79)
Closing Balance	<u>624.10</u>	<u>696.77</u>
<b>Share Options Outstanding Account</b>		
Opening Balance	41.27	4.09
Add: Fair valuation for FY 2018-19	18.03	37.18
Less: Transferred to Securities Premium on account of issue of Shares	20.20	-
Closing balance	<u>39.09</u>	<u>41.27</u>
<b>Fair Value through Other Comprehensive Income [FVTOCI] Reserve</b>		
Opening balance	12.40	(34.31)
Adjusted from surplus in statement of profit and loss	-	-
- Re-measurement gains / (losses) on employee benefits	11.30	46.71
- Fair valuation of equity investments	(0.83)	-
	<u>22.87</u>	<u>12.40</u>
<b>Money received against share warrants</b>	<u>150.00</u>	-
<b>Total of other equity - as at 31st March, 2019</b>	<u>9,574.13</u>	<u>9,328.31</u>

**SHRI DINESH MILLS LTD.****NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
--	---------------------	---------------------

**\* 17.1 Share Option Outstanding Account**

"The company during previous year, after taking requisite approvals of the governing body and shareholders, approved grant of up to 54,000 options to eligible employees of the Company. In terms of the said approval, the eligible employees were entitled against each option to subscribe for one equity share of face value of Rs. 10 each at a price of Rs. 10 per share. Market value per share of the company as on grant date is Rs. 134.70 against which the eligible employees shall subscribe each share at a price of Rs. 10 per share. "The holders of the Employee Stock Options are entitled to exercise the option within a period of three years from the date of first vesting, failing which they stand cancelled. In the case of termination of employment by the Company, all options, vested or not, stand cancelled immediately. In case of voluntary resignation, all un-vested options stand cancelled. Please refer below table for details on vesting period. There are no other vesting conditions, apart from service condition."

Particulars	Part-I (30%)	Part-II (30%)	Part-III (40%)
	21-02-2017	21-02-2017	21-02-2017
Grant Date	21-02-2017	21-02-2017	21-02-2017
Vesting Period (years)	1	2	3
Vesting Date <sup>^</sup>	20-02-2018	20-02-2019	20-02-2020
No. of Options to be vested	16,200	16,200	21,600
Value considered as on Grant Date	134.70	134.70	134.70
Exercise Price	10.00	10.00	10.00
Cost to Company	124.70	124.70	124.70

<sup>^</sup>16,200 stock options were allotted to employees on 28.05.2018. The said warrants were subsequently converted into equity shares.

The stock options granted during the period has been measured using the Black-Scholes option pricing model at the date of the grant. The Black-Scholes option pricing model considers assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. The key inputs and assumptions used are as follows:

Share price: The closing price on stock exchange as on the date of grant has been considered for valuing the options granted.

Exercise Price: Exercise Price is the price as determined by the Committee of the Directors

Risk free interest rate: The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the yield curve for Government bonds.

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018		
<b>18 - NON - CURRENT FINANCIAL LIABILITIES - BORROWINGS</b>				
<b>Secured</b>				
a. Term Loans				
From banks				
- Rupee Term Loans	-	198.63		
	-	198.63		
a. Nature of Security				
Term loan under Technology Upgradation Fund Scheme is secured by way of hypothecation of machineries purchased therefrom.				
b. Rate of Interest and Terms of Repayment				
	<b>Repayment Schedule</b>			
Name of Institution	Instruments	Frequency	No. of Installments	Rate of Interest
South Indian Bank - III	Term Loan	Quarterly	24	9.80%
<b>19 - NON - CURRENT FINANCIAL LIABILITIES - OTHERS</b>				
<b>Unsecured</b>				
Trade Deposits	210.25	245.34		
	210.25	245.34		
<b>20 - NON - CURRENT PROVISIONS</b>				
Provision for Employee Benefits				
Gratuity	47.48	42.88		
Leave Encashment	101.66	156.14		
Provisions for Medical/LTA/allowances, etc.	40.09	53.24		
	189.23	252.26		
Other Provisions				
Provision for Tax (net of advance tax, TDS, self asst. tax)	119.60	126.25		
	308.83	378.51		

**NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>21 - DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability on account of:		
(i) Depreciation		
Opening Deferred Tax Liability	346.30	424.85
Add/(Less): Charge or Credit during the year	(136.15)	(78.55)
Closing Deferred Tax Liability	<u>210.15</u>	<u>346.30</u>
Total Deferred Tax Liabilities	<u>210.15</u>	<u>346.30</u>
Deferred Tax Assets on account of:		
(i) Expenses allowable for tax purposes when paid (Octroi)		
Opening Deferred Tax Asset	15.60	15.60
Add/(Less): Charge or Credit during the year	(3.33)	-
Closing Deferred Tax Asset	<u>12.27</u>	<u>15.60</u>
(ii) Unencashed Leave (Employee or Director)		
Opening Deferred Tax Asset	65.88	60.86
Add/(Less): Charge or Credit during the year	(26.75)	5.02
Closing Deferred Tax Asset	<u>39.13</u>	<u>65.88</u>
(iii) Gratuity		
Opening Deferred Tax Asset	14.17	12.85
Add/(Less): Charge or Credit during the year	(1.83)	1.32
Closing Deferred Tax Asset	<u>12.34</u>	<u>14.17</u>
Total Deferred Tax Assets	<u>63.74</u>	<u>95.65</u>
Net Deferred Tax (Assets) / Liabilities	<u>146.46</u>	<u>250.65</u>
<b>22 - OTHER NON CURRENT LIABILITIES</b>		
<b>Others</b>		
Octroi Liability	63.49	63.49
Deferred balance - Security Deposits	0.80	1.29
	<u>64.29</u>	<u>64.78</u>
<b>23 - CURRENT FINANCIAL LIABILITIES - BORROWINGS</b>		
<b>Secured</b>		
a. Loans repayable on demand		
From banks		
- Cash Credits	(88.43)	(101.56)
	<u>(88.43)</u>	<u>(101.56)</u>
a. Nature of Security		
Cash credits from Banks, against hypothecation of Raw materials, Stores, Spare parts, Finished goods, Work-in-progress and receivable		



**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>24 - CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES</b>		
Due to micro and small enterprises (MSME)	5.21	-
Due to other than micro and small enterprises	201.48	262.73
	<b>206.69</b>	<b>262.73</b>

**a. Disclosure under Section 22 of Micro, Small and Medium Enterprise Development (MSMED) Act, 2006**

The Company has received intimation from certain suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:

	As at 31-03-2019	As at 31-03-2018
(a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;	5.21	-
(b) Interest paid during the year	-	-
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;	-	-
(d) Interest due and payable for the period of delay in making payment;	-	-
(e) Interest accrued and unpaid at the end of the accounting year; and	-	-
(f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise;	-	-

**25 - CURRENT - OTHER FINANCIAL LIABILITIES**

Current Maturities of Long Term Debts	198.48	347.56
Interest accrued on deposits	77.41	84.28
Unpaid Dividends	19.55	17.79
Unclaimed matured deposits and interest thereon	0.45	0.45
Due to Directors	19.73	16.50
	<b>315.62</b>	<b>466.58</b>

- a. There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as on March 31, 2019 (March 31, 2018: Nil).

**26 - OTHER CURRENT LIABILITIES**

Advances received from Customers	875.08	556.41
Statutory liabilities	27.54	19.38
Provision for Expenses	405.60	530.23
Outstanding Expenses	166.49	162.16
Other Liabilities	1.65	1.45
	<b>1,476.36</b>	<b>1,269.63</b>

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018		
<b>27 - SHORT TERM PROVISIONS</b>				
<b>Provision for employee benefit</b>				
Gratuity	28.70	45.70		
Leave Encashment	48.84	43.10		
	<u>77.54</u>	<u>88.80</u>		
<b>28 - REVENUE FROM OPERATIONS</b>				
Sale of Products	6,876.44	7,814.43		
	<u>6,876.44</u>	<u>7,814.43</u>		
Note:				
1. For disaggregation of revenue and revenue based on Business Segment, please refer Note 39 to the Financial Statement				
2. As per evaluation of Ind AS 115, contract price / revenue from operations is recorded based on the performance obligations satisfied by the company.				
<b>29 - OTHER INCOME</b>				
<b>Interest Received/Receivable</b>				
From banks	6.17	6.13		
From others	6.36	16.73		
Dividend Income	17.21	196.94		
Miscellaneous Income	167.29	145.69		
Sundry balances written back	-	42.54		
Gain on Fair Valuation of Financial Instruments (Net)	196.00	-		
	<u>393.03</u>	<u>408.03</u>		
<b>30 - COST OF MATERIALS CONSUMED</b>				
Wool	64.25	719.47		
Synthetic Fibre	633.60	661.15		
Yarn	666.64	674.56		
Others	16.96	13.94		
	<u>1,381.45</u>	<u>2,069.12</u>		
<b>30.1 - BIFURCATION OF COST OF MATERIALS CONSUMED</b>				
	<b>2018-19</b>	<b>2017-18</b>		
	Value	In %	Value	In %
Imported	<u>953.92</u>	<u>69.05%</u>	<u>1,544.98</u>	<u>74.67%</u>
Indigenous	<u>427.53</u>	<u>30.95%</u>	<u>524.14</u>	<u>25.33%</u>
	<u>1,381.45</u>	<u>100.00</u>	<u>2,069.12</u>	<u>100.00</u>
<b>31 - PURCHASES OF STOCK IN TRADE</b>				
Ready-made Garments	137.37	176.32		
	<u>137.37</u>	<u>176.32</u>		

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>32 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS</b>		
Inventories (at close):		
Work - in - Progress	527.21	1,014.11
Finished Goods	534.13	767.38
	<u>1,061.34</u>	<u>1,781.49</u>
Inventories (at commencement):		
Work - in - Progress	1,014.11	1,041.84
Finished Goods	767.38	1,186.07
	<u>1,781.49</u>	<u>2,227.91</u>
	720.16	446.42
<b>33 - EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and Wages	2,130.92	2,470.89
Contributions to -		
- Provident fund, Superannuation scheme & Other funds	202.43	264.32
- Employees' State Insurance Scheme	22.25	37.21
Fair valuation of Employee Stock Options *	18.03	37.18
Staff Welfare Expense	12.63	11.38
	<u>2,386.26</u>	<u>2,820.98</u>
*Refer Note 17.1 for detailed information related to Employee Stock Options		
<b>34 - FINANCE COSTS</b>		
Interest expenses	104.43	140.56
Other borrowing costs	10.14	9.55
	<u>114.57</u>	<u>150.11</u>



**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>35 - OTHER EXPENSES</b>		
<b><u>OPERATING, ADMINISTRATION AND GENERAL EXPENSES</u></b>		
Stores Consumed	231.34	310.07
Electricity, Power and Fuel	212.71	218.04
Rent	5.20	4.87
Commission	94.27	116.72
Cash Discount	144.54	150.01
Repairs	331.16	334.79
Insurance	13.03	18.95
Rates and Taxes	33.98	32.26
Payments to Auditors	12.69	12.69
Advertisement and Publicity	17.21	18.13
Legal & Professional Fees	170.63	163.48
Travelling and Conveyance	191.49	183.80
Miscellaneous Expenses	218.36	278.25
Loss on Fair Valuation of Financial Instruments (Net)	-	14.06
	<u>1,676.62</u>	<u>1,856.12</u>
* includes:		
Repairs to buildings	36.30	11.87
Repairs to machinery	247.97	294.70
Other Repairs	46.89	28.22
**Payments to the auditors for		
- Statutory audit	6.64	5.40
- For taxation matters	3.82	5.07
- Others	2.23	2.22
	<u>12.69</u>	<u>12.69</u>
<b>36 - EXCEPTIONAL ITEMS</b>		
Payment on account of Voluntary Retirement Scheme (VRS) *	275.89	516.77
	<u>275.89</u>	<u>516.77</u>
* The Company has announced VRS scheme on account of which payments have been made to workers during the FY 2018-19.		
<b>37 - EARNINGS PER EQUITY SHARE</b>		
Profit/(loss) available for equity shareholders	19.27	(565.79)
Weighted average numbers of equity shares outstanding - Basic EPS	50,98,600	50,84,382
Weighted average numbers of equity shares outstanding - Diluted EPS	51,15,038	50,84,382
Nominal value per equity share (in Rupees)	10.00	10.00
Earnings /(loss) Per Equity Share- Basic (in Rupees)	0.38	(11.13)
Earnings /(loss) Per Equity Share- Diluted (in Rupees)	0.38	(11.13)

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>38 - CONTINGENT LIABILITIES AND COMMITMENTS - NOT PROVIDED FOR CONTINGENT LIABILITIES</b>		
(a) Workers' demand - matter under appeal	23.22	42.93
(b) Additional Bonus liability owing to amendment introduced in The Payment of Bonus Act, 1965, the matter at this juncture is at subjudiced stage with the various High Courts for the year 2014-15	28.48	28.48
(c) Income tax Demands / outstanding- matters under appeal	682.86	682.86
(d) Excise matters under appeal	214.08	214.08

Notes:

- (a) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters stated above, pending resolution of the proceedings.

COMMITMENTS

NIL

**39 - SEGMENT REPORTING**

- (a) Primary segment - Business Segment  
The Company has only one business segment : "Textile".
- (b) Secondary segment - Geographical Segment  
Information of geographical segment:

(Rs. In Lakhs)

Particulars	Year	In India	Outside India	Total
Segment Revenue	2018-19	5,963.36	913.08	6,876.44
	2017-18	7,042.31	772.12	7,814.43
Carrying cost of Assets by location of Assets	2018-19	12,811.80	-	12,811.80
	2017-18	12,960.84	-	12,960.84
Additions to Assets and Intangible (Net)	2017-18	134.98	-	134.98
	2017-18	68.42	-	68.42

**40 - DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 19 EMPLOYEE BENEFITS**

The Company has classified the various benefits provided to employees as under:-

(a) **Defined contribution plans**

- Provident fund

The Company has recognized the following amounts in the statement of profit and loss:

Employers' contribution to provident fund :- Current Year Rs. 85.79 Lakhs (Previous Year Rs. 97.02 Lakhs)

(b) **Defined benefit plans**

- Gratuity

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following assumptions-

**Economic Assumptions**

The discount rate and salary increases assumed are the key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

**Discount Rate**

The discounting rate is based on the gross redemption yield on medium to long term risk free investments. The estimated term of the benefits/obligations works out to zero years. For the current valuation a discount rate of 7.73% p.a. (Previous Year 7.27% p.a.) compound has been used.

**Salary Escalation Rate**

The salary escalation rate usually consists of at least three components, viz. regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long-term view as to trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>The assumptions used are summarized in the following table:</b>		
<b>Change in present value of the defined benefit obligation during the year</b>		
Present value of obligation as at the beginning of the year	826.19	1,014.82
Interest Cost	63.86	73.78
Current Service Cost	36.47	46.37
Past Service Cost	-	40.59
Benefits Paid	(331.15)	(290.58)
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(1.10)	(19.57)
Actuarial (Gain)/Loss on arising from Experience Adjustment	(8.09)	(39.21)
Present value of obligation as at the end of the year	586.18	826.19
<b>Change in fair value of plan assets during the year</b>		
Fair Value of plan assets at the beginning of the year	780.56	939.79
Interest Income	60.34	68.32
Contributions by the employer	45.70	75.10
Benefits paid	(331.15)	(290.58)
Return on plan assets	2.10	(12.07)
Fair Value of plan assets at the end of the year	557.55	780.56
Net Asset/ (Liability) recorded in the Balance Sheet		
Present value of obligation as at the end of the year	586.18	826.19
Fund Balance	557.55	780.49
Net Asset/ (Liability)-Current	28.63	45.70
Net Asset/ (Liability)-Non-Current	-	-
<b>Expenses recorded in the Statement of Profit &amp; Loss during the year</b>		
Interest Cost	3.53	5.45
Current Service Cost	36.47	46.37
Past Service Cos	-	40.59
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	-	-
Actuarial (Gain)/Loss on arising from Experience Adjustment	-	-
Total expenses included in employee benefit expenses	40.00	92.41
Recognized in Other Comprehensive Income during the year		
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	(11.30)	(46.71)
<b>Maturity analysis of the benefit payments from the fund</b>		
1st following year	218.86	199.40
2nd following year	54.49	111.66
3rd following year	55.05	115.00
4th following year	25.06	76.27
5th year and thereafter	661.51	942.83
<b>Quantitative sensitivity analysis for significant assumption is as below:</b>		
Increase/ (decrease) on present value of defined benefit obligation at the end of the year	586.18	826.19
1 percentage point increase in discount rate	(25.60)	(38.64)
1 percentage point decrease in discount rate	29.49	44.19
1 percentage point increase in salary increase rate	29.44	44.62
1 percentage point decrease in salary increase rate	(26.05)	(39.76)
1 percentage point increase in employee turnover	6.86	9.10
1 percentage point decrease in employee turnover	(7.76)	(10.24)

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

	As at 31-03-2019		As at 31-03-2018	
	Foreign Currency (Rs. In Lakhs)		Foreign Currency (Rs. In Lakhs)	

**41 - HEDGED AND UNHEDGED DERIVATIVE INSTRUMENTS**

(a) The amount of foreign currency exposures that are not hedged by a derivative instrument or otherwise as at 31st March, 2019, 31st March, 2018.

**Payables**

	As at 31-03-2019	As at 31-03-2018		
Advance received from Customers (in USD)	43,842.99	30.42	23,335.20	15.18
(in EURO)	-	-	4,300.00	3.46

**42 - RELATED PARTY DISCLOSURES AS PER INDIAN ACCOUNTING STANDARD-24**
**(a) Related Parties**
**i) Where significant influence exists:**

- Dinesh Remedies Limited
- Shri Dinesh Foundation
- Shri Maganbhai B. Patel's Charity Trust

**Description of relationship**

- Subsidiary
- Key Management Personnel are Trustee
- Key Management Personnel are Trustee

**ii) Key Managerial Personnel**
**Name**

- Mr. B.U.Patel
- Mr. J. B. Sojitra
- Mr. T M Patel
- Mr. Rakesh Agrawal
- Mr. Sanjiv M. Shah
- Mr. Apurva Shah
- Mrs. Taruna Patel

**Relationship/Designation**

- Chairman & Managing Director
- Company Secretary
- Non-executive Independent Director
- Non-executive Independent Director
- Non-executive Independent Director
- Chief Financial Officer
- Non-executive Independent Director

**iii) Relatives Of Key Management Personnel**
**Name**

- Mrs. R.B.Patel
- Mrs. A.N.Patel
- Ms J.B.Patel
- Mr. A.B.Patel
- Mr. N.N.Patel

**Relationship/Designation**

- Wife of Mr. B.U.Patel
- Wife of Mr. N.U.Patel
- Daughter of Mr. B.U.Patel
- Son of Mr. B.U.Patel
- Son of Mr. N.U.Patel

**(b) Transactions with related parties:**

	(Rs. In Lakhs)			
	Amount		Outstanding Balance	
	2018-19	2017-18	31st March, 2019	31st March, 2018
Remuneration paid to CMD - Shri B U Patel	133.48	109.38	9.75	8.75
Remuneration paid to MD - Shri N U Patel	110.40	109.38	9.98	7.75
Remuneration paid to relative of KMP	24.36	17.38	1.13	0.31
Director's Sitting Fees paid to Mr. T M Patel	1.51	1.49	-	-
Director's Sitting Fees paid to Mr. Sanjiv Shah	1.05	1.51	-	-
Director's Sitting Fees paid to Mr. Rakesh Agrawal	1.79	1.59	-	-
Director's Sitting Fees paid to Mrs. Tarunaben Patel	1.32	0.95	-	-
Remuneration paid to Chief Financial Officer (Mr. Apurva Shah)	10.66	1.59	0.57	0.59
Remuneration paid to Company Secretary	24.65	18.57	0.73	0.63

(i) There are no provisions for doubtful debts or amounts written off or written back in respect of debts due to or due from related parties

(ii) Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors

**NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**
**43. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

1. Fair values of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on the evaluation, allowances are taken to account for the expected losses of these receivables.

The company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effects on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effects on the recorded fair value that are not based on observable market data.

**I. Figures as at March 31, 2019**

Financial Instrument	Note No.	Carrying Amount				Fair value				
		FVTPL	FVOCI	Total Fair Value	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Non Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments		-	12.10	12.10	1,338.62	1,350.72	-	-	12.10	12.10
(ii) Loans		-	-	-	105.39	105.39	-	-	105.39	105.39
(iii) Others		-	-	-	16.60	16.60	-	-	-	-
<b>Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments		4,664.36	-	4,664.36	-	4,664.36	4,664.36	-	-	4,664.36
(ii) Trade Receivables		-	-	-	693.67	693.67	-	-	-	-
(iii) Cash and Cash Equivalents		-	-	-	410.41	410.41	-	-	-	-
(iv) Bank balances other than above (ii)		-	-	-	21.77	21.77	-	-	-	-
(v) Others		-	-	-	33.36	33.36	-	-	-	-
		<b>4,664.36</b>	<b>12.10</b>	<b>4,676.46</b>	<b>2,619.82</b>	<b>7,296.28</b>	<b>4,664.36</b>	<b>-</b>	<b>117.49</b>	<b>4,781.85</b>
<b>Non Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings		-	-	-	-	-	-	-	-	-
(ii) Others		-	-	-	210.25	210.25	-	-	210.25	210.25
<b>Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings		-	-	-	(88.43)	(88.43)	-	-	-	-
(ii) Trade Payables		-	-	-	206.69	206.69	-	-	-	-
(iii) Other Financial Liabilities		-	-	-	315.62	315.62	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>644.13</b>	<b>644.13</b>	<b>-</b>	<b>-</b>	<b>210.25</b>	<b>210.25</b>



**SHRI DINESH MILLS LTD.**
**NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**
**II. Figures as at March 31, 2018**

Financial Instrument	Note No.	Carrying Amount				Fair value				
		FVTPL	FVOCI	Total Fair Value	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Non Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments		-	12.93	12.93	1,338.62	1,351.55	-	-	12.93	12.93
(ii) Loans		-	-	-	100.51	100.51	-	-	100.51	100.51
(iii) Others		-	-	-	17.05	17.05	-	-	-	-
<b>Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments		3,502.80	-	3,502.80	-	3,502.80	3,502.80	-	-	3,502.80
(ii) Trade Receivables		-	-	-	905.18	905.18	-	-	-	-
(iii) Cash and Cash Equivalents		-	-	-	308.34	308.34	-	-	-	-
(iv) Bank balances other than above (ii)		-	-	-	20.30	20.30	-	-	-	-
(v) Others		-	-	34.54	34.54	-	-	-	-	-
		<b>3,502.80</b>	<b>12.93</b>	<b>3,515.73</b>	<b>2,724.54</b>	<b>6,240.27</b>	<b>3,502.80</b>	<b>-</b>	<b>113.44</b>	<b>3,616.24</b>
<b>Non Current Liabilities</b>										
<b>Financial Liabilities</b>										
i) Borrowings		-	-	-	198.63	198.63	-	-	-	-
(ii) Others		-	-	-	245.34	245.34	-	-	245.34	245.34
<b>Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings		-	-	-	(101.56)	(101.56)	-	-	-	-
(ii) Trade Payables -		-	-	-	262.73	262.73	-	-	-	-
(iii) Other Financial Liabilities		-	-	-	466.58	466.58	-	-	-	-
		-	-	-	<b>1,071.72</b>	<b>1,071.72</b>	-	-	<b>245.34</b>	<b>245.34</b>

During the reporting period ending March 31, 2019 and March 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

**44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Company's principal financial liabilities comprise of borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include Investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations

The Company's risk management is carried out based on the policies approved by the Board of directors. Based on that policy, company identifies and evaluates financial risks in close co-operation with the Company's operating unit. The board overviews policy related to overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments along with investment of excess liquidity.

**Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity and mutual fund prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loan borrowings.

The Company is manufacturing woolen & worsted fabrics and felts. The environment in which the Company operates has changed significantly over the past decade, predominantly as a result of introduction of new competitive markets, globalization and changes in the Laws. This, in turn, has resulted in to considerable changes in internal operations, including our risk profile. As the company's operating environment continues to be transformed, embedding risk management principles and practices into strategy development and day to day business processes is critical to achieve robust and proactive commercial outcomes – a balance between mitigation threats and exploiting opportunity; creating and protecting value. Overall, the company expects to strengthen its current position in coming years.

**Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the company's position with regards to the interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The company is not exposed to significant interest rate risk as at the specified reporting date on account absence of any instruments whose interest rate is dependent on foreign exchange fluctuation. Refer Notes to account for interest rate profile of the Company's interest-bearing financial instrument at the reporting date.

**Foreign currency risk**

The Company operates in domestic as well as international market, however, the nature of its operations requires it to transact in several currencies and consequently the Company is exposed to foreign exchange risk in certain categories of foreign currencies. In current year, about 10 % of the Company's revenue is from export. The Company has laid down certain procedures to de-risk itself against currency volatility. It also out sources expert advice whenever required.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies

**I Foreign Currency Exposure**

Refer Note 41 for foreign currency exposure as at March 31, 2019 and March 31, 2018.

**II Foreign Currency Sensitivity**

1% increase or decrease in foreign exchange rates will have the following impact on the profit before tax

Currency	2018-19		2017-18	
	1% Increase	1% Decrease	1% Increase	1% Decrease
USD	0.30	(0.30)	0.15	(0.15)
EURO	-	-	0.03	(0.03)
Total	0.30	(0.30)	0.19	(0.19)

**SHRI DINESH MILLS LTD.**
**NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**
**Credit risk**

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is significant increase in credit risk the company compares the risk of a default occurring on the asset at the reporting date with the risk of default as the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty.
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation,
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty.
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than reasonable period of time decided by the Management. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

**FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)**

I	Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)	(Rs. In lakhs)	
	<b>Particulars</b>	<b>As at 31-03-2019</b>	<b>As at 31-03-2018</b>
	Non-current financial assets - Loans	<b>105.39</b>	<b>100.51</b>
	Total (A)	<b>105.39</b>	<b>100.51</b>
II	Financial assets for which loss allowance is measured using 12 months Life Time Expected Credit Losses (ECL)		
	Trade Receivables	<b>693.67</b>	<b>905.18</b>
	Total (A)	<b>693.67</b>	<b>905.18</b>
	Grand Total (A+B)		
	Balances with banks are subject to low credit risks due to good credit ratings assigned to these banks.		
III	The ageing analysis of these receivables (gross of provision) has been considered from the date the invoice falls due		
	Up to 6 months	<b>550.73</b>	<b>689.28</b>
	More than 6 months	<b>142.94</b>	<b>215.90</b>
	Total	<b>693.67</b>	<b>905.18</b>

**IV. Provision for expected credit losses again "II" and "III" above**

The company has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence based on historic default rates, the Company believes that, no impairment allowance is necessary in respect of above mentioned financial assets.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

**Liquidity Risk**

Liquidity Risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at reasonable price. The company is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the company's net liquidity position through rolling forecast on the basis of expected cash flows.

**Maturity profile of financial liabilities**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Particulars	As at 31-03-2019			As at 31-03-2018		
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total
Non-current financial liabilities - Borrowings	-	-	-	-	198.63	198.63
Non-current financial liabilities - Others	-	210.25	210.25	-	245.34	245.34
Current financial liabilities - Borrowings	(88.43)	-	(88.43)	(101.56)	-	(101.56)
Current financial liabilities - Trade Payables	206.69	-	206.69	262.73	-	262.73
Current financial liabilities - Others	315.62	-	315.62	466.58	-	466.58
<b>Total</b>	<b>433.88</b>	<b>210.25</b>	<b>644.13</b>	<b>627.75</b>	<b>443.97</b>	<b>1,071.72</b>

**Capital management**

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's Capital Management is to maximise shareholder value. The company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirement of the financial covenants.

The company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

Particulars	(Rs. In lakhs)	
	As at 31-03-2019	As at 31-03-2018
Total Debt	-	198.63
Equity	10,094.19	9,836.75
Capital and net debt	10,094.19	10,035.38
Gearing ratio	0.00%	1.98%

## SHRI DINESH MILLS LTD.

NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2019

### 1. CORPORATE INFORMATION

Shri Dinesh Mills Limited (SDML) is a company having composite textile mill with a very strong presence in the textile industry for more than 60 years; manufacturing worsted fabrics (menswear), paper makers felts and industrial textiles. For International market, it has been manufacturing and exporting worsted fabrics to various overseas markets since last 30 Years. It maintains the highest standards of quality to meet the requirements of its discerning customers.

### 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017.

#### b) Functional and presentation currency

These financial statements are presented in Indian rupee, which is the Company's functional currency. All amounts have been rounded to the nearest lakh, unless otherwise indicated.

#### c) Basis of measurement

The financial statements have been prepared on historical cost basis, except certain financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments), defined benefits plans - plan assets and contingent consideration. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purposes of current / non-current classification of assets and liabilities.

#### **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- a. Expected to be realized or intended to be sold or consumed in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Expected to be realized within twelve months after the reporting period, or
- d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- a. It is expected to be settled in normal operating cycle
- b. It is held primarily for the purpose of trading
- c. It is due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2A. USE OF ESTIMATES

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be adjusted due to estimates and assumptions turning out to be different from those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgments

The areas involving critical estimates or judgments are:

- a) Estimation of current tax expense and payable - Refer accounting policies - 3.9
- b) Estimated useful life of property, plant & equipment and intangible assets - Refer accounting policies - 3.1
- c) Estimation of defined benefit obligation - Refer accounting policies - 3.8
- d) Estimation of fair values of contingent liabilities - Refer accounting policies - 3.12
- e) Recognition of revenue - Refer accounting policies - 3.4
- f) Recognition of deferred tax assets for carried forward tax losses - Refer accounting policies - 3.9
- g) Impairment of financial assets - Refer accounting policies - 3.2 & 3.5

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property, plant and equipment:**

Property, plant and equipment are stated at original cost (including any revaluation in previous years) net of tax / duty credit availed, less accumulated depreciation and accumulated and accumulated impairment losses, if any. Costs include financing costs of borrowed funds attributable to acquisition or construction of fixed assets, up to the date the assets are put-to-use.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognized separately as independent items and are depreciated over their estimated economic useful lives.

All other repair and maintenance costs are recognized in the statement of profit and loss as incurred unless they meet the recognition criteria for capitalization under Property, Plant and Equipment

Tangible Fixed Assets:

- (a) Premium on leasehold land is being amortized over the period of lease.
- (b) Depreciation on all other fixed asset is provided on written down value method except for plant & machinery, wherein straight-line method is followed. Rate of depreciation is accordance with the provisions of section 123 of the Companies Act, 2013 considering the useful life provided in part "C" of the schedule II. Depreciation on additions to the assets during the year is being provided on pro-rata basis with reference to the month of acquisition /installation. Depreciation on assets sold, discarded, demolished or scrapped during the year is being provided up to the month in which such assets are sold, discarded, demolished or scrapped.

Intangible Assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses (if any).

An item of intangible asset initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the income statement when the asset is derecognized. Intangible fixed assets are amortized on straight line basis over their estimated useful economic life.

Capital Work- in- progress

Capital work- in- progress represents directly attributable costs of construction to be capitalized. All other expenses including interest incurred during construction period are capitalized as a part of the construction cost to the extent to which these expenditures are attributable to the construction as per Ind AS-23 "Borrowing Costs". Interest income earned on temporary investment of funds brought in for the project during construction period are set off from the interest expense accounted for as expenditure during the construction period.

### 3.2 Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Company measures it on the basis of discounted cash flows for the remaining year's (remaining useful life) projections estimated based on current prices. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### 3.3 Foreign Currency Transactions

The Company's financial statements are presented in INR, which is also the Company's functional currency.

#### Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

#### Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are measured in terms of historical costs denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

#### Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements including receivables and payables which are likely to be settled in foreseeable future, are recognized as income or as expenses in the year in which they arise. All other exchange differences are recognized as income or as expenses in the period in which they arise.

Transactions covered under forward contracts are accounted for at the contracted rate. All export proceeds have been accounted for at a fixed rate of exchange at the time of raising invoices. Foreign exchange fluctuations as a result of the export sales have been adjusted in the statement of profit and loss account and export proceeds not realized at the balance sheet date are restated at the rate prevailing as at the balance sheet date.

### 3.4 Revenue recognition

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) 'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant. Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Specifically,

- (i) Domestic Sales are recognized as revenue on transfer of significant risk, rewards and control of ownership which is generally on dispatch of products to the customers.
- (ii) Export Sales are recognized as revenue on transfer of significant risk, rewards and control of ownership which is generally on the basis of the dates of Bill of Lading and / or Air Way Bill.
- (iii) Export incentives benefits under "Duty Entitlement Pass Book under the Duty Exemption Scheme" and "Duty Draw back scheme" are accounted in the year of exports.
- (iv) Dividend income is accounted for in the year in which the right to receive the same is established
- (v) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable

### 3.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### A. Financial Assets

##### a. Initial recognition and measurement:

All financial assets are recognized initially at fair value (FVOCI / amortized cost / FVTPL). Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place [regular way trades] are recognized on the settlement date, trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### b. Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

##### i. Debt instruments at amortized cost:

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:  
- The asset is held with an objective of collecting contractual cash flows

- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate [EIR] method. Amortized cost is calculated by taking into account any discount or premium on acquisition (if any) and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

##### ii. Debt instruments at fair value through other comprehensive income [FVTOCI]:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The asset is held with objective of both - for collecting contractual cash flows and selling the financial assets

- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income [OCI]. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to Statement of Profit and Loss.

##### iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss [FVTPL]:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

##### iv. Equity instruments measured at fair value through other comprehensive income [FVTOCI]:

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company has made such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.



**c. Derecognition:**

A financial asset is primarily derecognized when:

- i. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either [a] the Company has transferred substantially all the risks and rewards of the asset, or [b] the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

**B. Financial liabilities:****a. Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as over the counter derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**b. Subsequent measurement:**

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

**i. Financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes over the counter derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

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

**ii. Loans and borrowings:**

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

**c. Derecognition:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**C. Reclassification of financial assets:**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses [including impairment gains or losses] or interest.

**D. Offsetting of financial instruments:**

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

**3.6 Fair Value Measurement**

The Company measures financial instruments at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a. In the principal market for the asset or liability, or
- b. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted [unadjusted] market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**3.7 Inventories**

- i. Stores, Machinery Spares, Coal, etc. are valued at cost or net realizable value whichever is lower. Cost is arrived at on 'Moving Weighted Average Cost basis';
- ii. Raw Materials are valued at cost or net realizable value whichever is lower. Cost is arrived at on 'Specific Identification cost basis'
- iii. Materials in Process and Finished Goods are valued at cost or net realizable value, whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- iv. Materials in Customs Bonded Warehouse and in transit are stated at cost, up to the date of Balance Sheet.
- v. Due allowance is estimated and provided for defective and obsolete items, wherever necessary, based on the past experience of the Company.

**3.8 Retirement benefits**

Retirement benefit costs for the year are determined on the following basis:

- i. Defined Contribution Plan:

Company's contribution paid/payable during the period to Provident Fund, Employee Deposit Linked Insurance Plan, Super Annuation Fund, Employee State Insurance Plan and Labour Welfare Fund are recognized as an expense in the Profit and Loss Account.

- ii. Defined Benefit Plan:

Provision for payments to the Employees Gratuity Fund after taking into account the funds available with the Trustees of the Gratuity Fund is based on actuarial valuation done at the close of each financial year.

At the reporting date Company's liabilities towards gratuity is determined by independent actuarial valuation using the projected unit credit method as per Ind AS 19. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur. Re-measurements are not classified to the statement of profit and loss in subsequent periods.

iii. Other defined benefits

Provision for other defined benefits for long term leave encashment is made based on an independent actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gain and losses are recognized as give in (ii) above.

iv. Company recognizes the undiscounted amount of short term employee benefits during the accounting period based on service rendered by employees.

v. Compensation and gratuity paid on account of Voluntary Retirement Scheme (VRS) is treated as revenue expenditure as and when the scheme is announced by the company which is in line with the provisions related to constructive obligations as stated in Ind AS 37.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

### **3.9 Taxes on Income**

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 and tax laws prevailing in the respective tax jurisdictions where the Company operates. Current tax items are recognized in correlation to the underlying transaction either in P&L, OCI or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized on the basis of reasonable certainty that the company will be having sufficient future taxable profits and based on the same the DTA has been recognized in the books.

The carrying amount (if any) of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent the management estimates that it has become reasonable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

### **3.10 Borrowing costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs which are not specifically attributable to the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a weighted average capitalization rate. The weighted average rate is taken of the borrowing costs applicable to the outstanding borrowings of the company during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized cannot exceed the amount of borrowing costs incurred during that period.

### **3.11 Earnings per equity share**

Basic earnings per share is calculated by dividing the net profit or loss from continuing operation and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

### **3.12 Provisions, Contingent Liabilities and Contingent Assets:**

Provision is recognized when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made.

A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are renewed at each balance sheet date.

### **3.13 Cash and Cash Equivalents**

Cash and cash equivalent comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **3.14 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### **3.15 Government Subsidies**

The Company recognizes government subsidies / grant as per the criteria given under Ind AS 20.

- i. Government subsidies are recognized when there is reasonable assurance that the same will be received.
- ii. Revenue subsidies (for expenses that are already incurred) are reduced from the respective expenditure presented in the profit and loss account.
- iii. Capital subsidies relating to specific fixed assets are recognized in statement of profit and loss on a systematic basis over the useful life of the assets.

### **3.16 Exceptional items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

**SHRI DINESH MILLS LTD.**

**Independent Auditor's Report**

To the Members of Shri Dinesh Mills Limited

Report on the Consolidated Financial Statements

**Opinion**

We have audited the accompanying consolidated financial statements of Shri Dinesh Mills Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprises of the consolidated balance sheet as at 31st March 2019, and the consolidated statement of Profit and Loss (including other comprehensive income), and the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, and its consolidated loss, total consolidated comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter Description	Response to Key Audit Matter
<p><b>A. Inventory valuation</b></p> <p>Reference may be made to note 3.7 of significant accounting policies and note 9 to the financial statements of the Holding Company.</p> <p>Under Ind AS 2 Inventories, the valuation of raw material and other supplies have been an area of our focus being prime cost center of the Holding Company. The valuation of finished goods has also been focused upon being a material amount.</p> <p>Valuation of Inventory in accordance with Ind AS 2 has thus been considered as a key audit matter.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures comprised of the following:</p> <ol style="list-style-type: none"> <li>We have verified the maintenance of Stock Records with respect to Raw materials and Finished Goods and Inventory has been verified physically by management of Holding Company at year end and no material discrepancies have been reported that need to be dealt with the books of accounts.</li> <li>We have selected a sample of items of Raw materials and other supplies to check whether the rate per unit adopted for valuation is reflective of the last purchase rate (Realizable price). Similarly, the rate per unit of various finished goods have been checked on a sample basis as to whether they reflect the net sale price (Realizable price).</li> </ol> <p><b>Conclusion:</b></p> <p>Based on the procedures performed above, we have concluded that management of Holding Company has complied with the requirements of Ind AS 2 "Inventories".</p>

Key Audit Matter Description	Response to Key Audit Matter
<p><b>B. Evaluation of uncertain tax positions</b></p> <p>The Holding Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p> <p>Refer Notes 38 of the consolidated financial statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>We performed the following substantive procedures:</p> <ul style="list-style-type: none"> <li>Obtained details of completed tax assessments and demands for the year ended March 31, 2019 from management of Holding Company. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.</li> </ul> <p><b>Conclusion</b></p> <p>We agree with management's evaluation</p>

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

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Holding Company's management is responsible for assessing the Group'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 Holding Company's management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those Holding Company's Board of Directors are also responsible for overseeing the Group's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Holding Company 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial

## SHRI DINESH MILLS LTD.

statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated 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 consolidated 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by 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 Group so far as it appears from our examination of those books;
  - c. The consolidated balance sheet, the consolidated statement of profit and loss and the consolidated cash flow statement dealt with by this Report are in agreement with the books of account maintained by the Group;
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of the written representations received from the directors of the Holding Company as on 31st March 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of Holding Company is disqualified as on 31st March 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
    - ii. the Group has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

For,

**Dhirubhai Shah & Co. LLP**  
Chartered Accountants

Firm's Registration Number: 102511W/W100298

**Harish B Patel**

Partner

Membership Number: 014427

Place : Vadodara  
Date: 25th May 2019

## Annexure - A to the Auditors' Report

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Shri Dinesh Mills Limited ("the Company") as of 31st March 2019 in conjunction with our audit of the consolidated financial statements of the Group for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Holding Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Group's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 Holding Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting 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 over financial reporting 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 unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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





**SHRI DINESH MILLS LTD.**

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**Opinion**

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For,

**Dhirubhai Shah & Co. LLP**  
Chartered Accountants

Firm's Registration Number: 102511W/W100298

**Harish B Patel**

Partner

Membership Number: 014427

Place : Vadodara  
Date: 25th May 2019



**SHRI DINESH MILLS LTD.**

**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS AT 31ST MARCH, 2019**

	Note No.	As at 31-03-2019 Rs. In Lakhs	As at 31-03-2018 Rs. In Lakhs	
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
(a) Property, Plant and Equipment	4	5,418.18	5,832.28	
(b) Capital Work in Progress	4	-	9.70	
<b>(c) Financial Assets</b>				
(i) Investments	5	30.91	31.74	
(ii) Loans	6	142.95	138.07	
(iii) Others	7	16.60	17.05	
(d) Other Non Current Assets	8	14.50	13.73	
			5,623.14	6,042.57
<b>CURRENT ASSETS</b>				
(a) Inventories	9	2,278.14	3,001.96	
<b>(b) Financial Assets</b>				
(i) Investments	10	4,664.36	3,502.79	
(ii) Trade Receivables	11	1,312.65	1,566.96	
(iii) Cash and Cash Equivalents	12	424.50	333.87	
(iv) Bank balances other than above (ii)	13	21.77	20.30	
(v) Others	14	33.36	34.54	
(c) Other Current Assets	15	272.42	213.62	
			9,007.21	8,674.04
<b>TOTAL ASSETS</b>		<b>14,630.34</b>	<b>14,716.61</b>	
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity Share Capital	16	520.06	508.44	
(b) Other Equity	17	9,274.56	9,054.35	
			9,794.62	9,562.79
Non Controlling Interest			810.37	830.68
<b>LIABILITIES</b>				
<b>NON-CURRENT LIABILITIES</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	18	192.10	551.42	
(ii) Others	19	210.25	245.34	
<b>(b) Provisions</b>				
(a) Deferred Tax Liabilities (Net)	21	146.46	250.65	
(c) Other Non Current Liabilities	22	64.29	64.78	
			946.87	1,509.92
<b>CURRENT LIABILITIES</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	23	155.64	33.87	
(ii) Trade Payables	24	828.57	677.93	
(iii) Other Financial Liabilities	25	525.02	721.76	
<b>(b) Other Current Liabilities</b>				
(c) Provisions	27	80.10	92.46	
			3,078.47	2,813.22
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>14,630.34</b>	<b>14,716.61</b>	

**Corporate Information, Basis of Preparation & Significant Accounting Policies 1-3**  
The accompanying notes 1 to 44 are an integral part of the Consolidated Financial Statements

As per our Report of even date	For and on behalf of the Board of Directors
<b>For Dhirubhai Shah &amp; Co.</b>	<b>N. U. Patel</b>
Chartered Accountants	Managing Director
Firm's Registration Number: 102511W/W100298	<b>B. U. Patel</b>
<b>Harish B Patel</b>	Chairman & Managing Director & CEO
Partner	<b>J. B. Sojitra</b>
Membership No.: 014427	Company Secretary
Vadodara, 25th May, 2019	Vadodara, 25th May, 2019

**SHRI DINESH MILLS LTD.**


CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

	Note No.	2018-19 Rs. In Lakhs	2017-18 Rs. In Lakhs	
<b>INCOME</b>				
Revenue from operations	28	8,942.14	9,414.32	
Other income	29	417.52	439.87	
<b>TOTAL INCOME</b>		<u>9,359.67</u>	<u>9,854.19</u>	
<b>EXPENSES</b>				
Cost of Materials Consumed	30	2,295.98	2,728.64	
Purchase of Stock-in-trade	31	137.37	176.32	
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	32	712.04	469.54	
Excise Duty		-	152.08	
Employee benefits expense	33	2,715.39	3,098.32	
Finance Costs	34	173.63	211.33	
Depreciation and amortization expenses	4	817.96	862.49	
Other expenses	35	2,361.69	2,404.25	
<b>TOTAL EXPENSES</b>		<u>9,214.06</u>	<u>10,102.98</u>	
<b>Profit/(Loss) before exceptional items and tax</b>		<u>145.61</u>	<u>(248.78)</u>	
Exceptional items (net)	36	275.89	516.77	
<b>Profit/(Loss) before tax</b>		<u>(130.28)</u>	<u>(765.55)</u>	
Tax items				
Current tax		-	-	
Earlier years tax provisions (written back)		-	-	
Deferred tax (asset) / liability		(104.24)	(84.84)	
Total tax items		<u>(104.24)</u>	<u>(84.84)</u>	
<b>Profit/(Loss) for the year</b>		<u>(26.04)</u>	<u>(680.71)</u>	
<b>Other Comprehensive Income</b>				
Items that will not be re-classified to Profit or Loss				
Re-measurement gains/ (losses) on post employment benefit plans		10.70	48.61	
Loss on fair valuation of investment in equity shares		(0.83)	-	
<b>Other Comprehensive Income/ (Loss) for the year</b>		<u>9.87</u>	<u>48.61</u>	
<b>Total Comprehensive Income/ (Loss) for the year</b>		<u>(16.18)</u>	<u>(632.10)</u>	
<b>Profit for the year attributable to:</b>				
Equity holders of the parent		(5.99)	(630.05)	
Non-controlling interest		(20.05)	(50.66)	
<b>Other Comprehensive Income for the year attributable to:</b>				
Equity holders of the parent		10.14	47.77	
Non-controlling interest		(0.27)	0.84	
<b>Total Comprehensive Income for the year attributable to:</b>				
Equity holders of the parent		4.14	(582.28)	
Non-controlling interest		(20.32)	(49.82)	
<b>Earnings Per Equity Share (Basic)</b>	37	<b>(0.51)</b>	<b>(13.39)</b>	
<b>Earnings Per Equity Share (Diluted)</b>	37	<b>(0.51)</b>	<b>(13.39)</b>	
Corporate Information, Basis of Preparation & Significant Accounting Policies	1-3			
The accompanying notes 1 to 44 are an integral part of the Consolidated Financial Statements				

As per our Report of even date  
**For Dhirubhai Shah & Co.**  
 Chartered Accountants  
 Firm's Registration Number: 102511W/W100298  
**Harish B Patel**  
 Partner  
 Membership No.: 014427  
 Vadodara, 25th May, 2019

For and on behalf of the Board of Directors  
**N. U. Patel**  
 Managing Director  
**Apurva Shah**  
 Chief Financial Officer  
 Vadodara, 25th May, 2019

For and on behalf of the Board of Directors  
**B. U. Patel**  
 Chairman & Managing Director & CEO  
**J. B. Sojitra**  
 Company Secretary

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

Particulars	(Rs. In lacs)	
	2018-19	2017-18
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit/ (loss) Before Tax</b>	<b>(130.28)</b>	<b>(765.55)</b>
<b>Adjustments for:</b>		
Depreciation and amortization	<b>817.96</b>	862.49
Interest and finance charges	<b>169.33</b>	209.86
Interest income	<b>(14.91)</b>	(25.48)
Dividend Income	<b>(17.21)</b>	(196.94)
Sundry Balances Written Back	-	(42.54)
Employee Benefits	<b>10.70</b>	(48.61)
Fair Valuation of Employee Stock Options	<b>(2.17)</b>	-
Fair Valuation of Financial Instrument	<b>(185.47)</b>	40.98
Profit on Sale of Fix Assets	<b>(0.66)</b>	-
<b>Operating Profit before Working Capital Changes</b>	<b>647.29</b>	<b>34.21</b>
<b>Adjustments for changes in working capital :</b>		
(Increase)/decrease in trade receivables	<b>39.13</b>	(170.55)
(Increase)/decrease in other assets	<b>(62.08)</b>	92.78
(Increase)/decrease in inventories	<b>723.82</b>	682.36
(Increase)/decrease in Trade Payables	<b>150.63</b>	131.78
(Increase)/decrease in Other Liabilities	<b>142.70</b>	(157.81)
<b>Cash Generated from Operations</b>	<b>1,641.48</b>	<b>612.77</b>
<b>Net Cashflow from Operating Activities</b>	<b>1,641.48</b>	<b>612.77</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<b>(422.21)</b>	(124.90)
Disposal/Transfer of Fix Assets	<b>18.98</b>	-
Additions in capital work in progress	<b>(0.58)</b>	-
Transfer of capital work in progress	<b>10.27</b>	(9.70)
Purchase of Investments	<b>(976.07)</b>	(104.86)
Dividend Income	<b>17.21</b>	196.94
Interest received	<b>14.91</b>	25.48
<b>Net Cashflow from Investing Activities</b>	<b>(1,337.49)</b>	<b>(17.04)</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term Borrowings		
Receipts/(Payments)	<b>(382.55)</b>	(336.09)
Dividend Paid	<b>(91.94)</b>	(91.79)
Issue of Equity Share Capital	<b>11.62</b>	10.00
Securities Premium Received	<b>160.20</b>	-
Application Money Received	<b>150.00</b>	-
Interest and finance charges	<b>(169.33)</b>	(209.86)
<b>Net Cashflow from Financing Activities</b>	<b>(213.37)</b>	<b>(627.74)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>90.63</b>	<b>(32.01)</b>
<b>Cash and bank balances at the beginning of the year</b>	<b>333.87</b>	<b>365.88</b>
<b>Cash and bank balances at the end of the year</b>	<b>424.50</b>	<b>333.87</b>

**NOTES:**

- 1) The above cash flow statement has been prepared as per the "Indirect method" set out in the Indian Accounting Standard (Ind AS) - 7 Statement of Cash Flows
- 2) Figures in bracket indicate cash outflow.
- 3) Previous year figures have been regrouped and recast wherever necessary to confirm to current year's classification



**SHRI DINESH MILLS LTD.**

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Cash and cash equivalents at the end of the year consist of cash on hand, cheques, draft on hand and balance with banks as follows:

<b>DETAIL OF CASH AND CASH EQUIVALENTS</b>	<b>As at 31-03-2019 Rs. In Lakhs</b>	<b>As at 31-03-2018 Rs. In Lakhs</b>
Balances with banks		
In current accounts	<b>422.45</b>	329.64
Fixed Deposits	<b>0.64</b>	0.64
Cash on hand	<b>1.41</b>	3.59
	<b>424.50</b>	<b>333.87</b>

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As per our Report of even date  
For **Dhirubhai Shah & Co.**  
Chartered Accountants  
Firm's Registration Number: 102511W/W100298  
**Harish B Patel**  
Partner  
Membership No.: 014427  
Vadodara, 25th May, 2019

**N. U. Patel**  
Managing Director  
**Apurva Shah**  
Chief Financial Officer  
Vadodara, 25th May, 2019

For and on behalf of the Board of Directors  
**B. U. Patel**  
Chairman & Managing Director & CEO  
**J. B. Sojitra**  
Company Secretary



**SHRI DINESH MILLS LTD.**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019**

**(A) EQUITY SHARE CAPITAL**  
For the year ended 31st March, 2019

(Rs. In Lakhs)

Balance as at 1st April, 2018	Changes during the year	Balance as at 31st March, 2019
508.44	11.62	520.66

**(A) OTHER EQUITY**  
For the year ended 31st March, 2019

Particulars	Capital Redemption Reserve	Securities Premium	General Reserve	ESOP Outstanding	Retained Earnings	FVOCI Reserve	Total Equity
Balance as at 1st April, 2018	19.31	-	8,558.56	41.27	419.35	15.85	9,328.31
Profit/(Loss) for the year	-	-	-	-	(5.16)	-	(5.16)
Addition during the year	-	160.20	-	18.03	-	-	178.23
Adjustments on account of proposed dividends	-	-	-	-	(91.94)	-	(91.94)
Written Back	-	-	-	20.20	-	-	-
Fair Valuation Gains on Investments in Equity Instruments	-	-	-	-	-	(0.83)	(0.83)
Remeasurements gain/(loss) on defined benefit plans	-	-	-	-	-	10.14	10.14
<b>Balance as at 31st March, 2019</b>	<b>19.31</b>	<b>160.20</b>	<b>8,558.56</b>	<b>39.09</b>	<b>322.25</b>	<b>25.15</b>	<b>9,124.56</b>

As per our Report of even date  
For **Dhirubhai Shah & Co.**  
Chartered Accountants  
Firm's Registration Number: 102511W/W100298

**Harish B Patel**  
Partner  
Membership No.: 014427  
Vadodara, 25th May, 2019

**N. U. Patel**  
Managing Director

**Apurva Shah**  
Chief Financial Officer  
Vadodara, 25th May, 2019

For and on behalf of the Board of Directors  
**B. U. Patel**  
Chairman & Managing Director & CEO

**J. B. Sojitra**  
Company Secretary

## NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

**4 - PROPERTY, PLANT AND EQUIPMENT**

(Rs. In Lakhs)

	TANGIBLE ASSETS										INTANGIBLE ASSETS		
	Land	Lease hold Land	Buildings	Plant and Equipment	Furniture and Dead Stock	Vehicles	Electrical Installations	Tubewell and Water Works	Weighting Scales	Total	Softwares	CAPITAL WORK IN PROGRESS	Total
<b>Cost:</b>													
As at 1st April, 2018	381.15	5.55	1,170.10	21,310.11	384.43	397.99	190.55	16.53	0.95	23,857.37	37.61	9.70	47.31
Additions	-	-	-	232.54	4.35	174.86	-	-	-	411.75	10.47	0.58	11.05
Disposals / transfers	-	-	-	111.23	-	60.07	-	-	-	171.30	-	10.27	10.27
<b>As at 31st March, 2019</b>	<b>381.15</b>	<b>5.55</b>	<b>1,170.10</b>	<b>21,431.42</b>	<b>388.78</b>	<b>512.77</b>	<b>190.55</b>	<b>16.53</b>	<b>0.95</b>	<b>24,097.81</b>	<b>48.08</b>	-	<b>48.08</b>
<b>Accumulated depreciation:</b>													
As at 1st April, 2018	-	-	655.78	16,610.41	330.69	297.04	141.58	12.71	0.51	18,048.73	13.97	-	13.97
Depreciation charged during the year	-	0.09	33.12	718.89	14.62	39.22	4.55	0.90	0.03	811.43	6.57	-	6.57
Disposals / transfers	-	-	-	96.16	-	56.83	-	-	-	152.99	-	-	-
<b>As at 31st March, 2019</b>	<b>-</b>	<b>0.09</b>	<b>688.90</b>	<b>17,233.13</b>	<b>345.32</b>	<b>279.44</b>	<b>146.13</b>	<b>13.61</b>	<b>0.54</b>	<b>18,707.17</b>	<b>20.54</b>	-	<b>20.54</b>
<b>Net book value</b>													
As at 31st March, 2018	381.15	5.55	514.32	4,699.70	53.73	100.94	48.97	3.82	0.45	5,808.64	23.64	9.70	33.34
<b>As at 31st March, 2019</b>	<b>381.15</b>	<b>5.46</b>	<b>481.20</b>	<b>4,198.29</b>	<b>43.46</b>	<b>233.33</b>	<b>44.42</b>	<b>2.92</b>	<b>0.41</b>	<b>5,390.64</b>	<b>27.54</b>	-	<b>27.54</b>

Note: 4.1 Gross Block is carried at cost except Leasehold Land which is at cost less amounts written off.

Note: 4.2 Amount written off Rs. 0.09 Lakhs of Leasehold Land has been debited to Profit and Loss Account under the head Depreciation and Amortization Expenses.

## NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>5 - NON - CURRENT FINANCIAL ASSETS - INVESTMENTS</b>		
<b>Investments (Unquoted)</b>		
<b>(A) Investments at Cost</b>		
(a) Investments in Equity Shares		
- Others	0.05	0.05
	<u>0.05</u>	<u>0.05</u>
(b) Investments in Bonds	18.76	18.76
	<u>18.76</u>	<u>18.76</u>
	<u>18.81</u>	<u>18.81</u>
<b>(B) Fair Value through Other Comprehensive Income</b>		
(a) Investments in Equity Shares	12.10	12.93
	<u>12.10</u>	<u>12.93</u>
	<u>30.91</u>	<u>31.74</u>

**Details of Investments**

(Rs. In Lakhs)

	Face value per unit in Rs. unless otherwise specified	No. of shares/units	Value	
			As at 31-03-2019	As at 31-03-2018
Unquoted Investments:				
Investment in equity instruments				
Others (At cost)				
Gujarat Sheep & Wool Development Corporation Limited	Rs. 100	50	0.05	0.05
Others (At FVOCI)				
Narmada Cleantech Limited	Rs. 10	1,86,265	12.10	12.93
			<u>12.15</u>	<u>12.98</u>
Investment in bonds				
GOI Secutities - 2019 - Coupon Rate 6.90%				
			<u>18.76</u>	<u>18.76</u>
<b>Total</b>			<u>30.91</u>	<u>31.74</u>



**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>6 - NON - CURRENT FINANCIAL ASSETS - LOANS</b>		
<b>Unsecured, considered good, unless otherwise stated</b>		
Security deposits	142.95	138.07
	<u>142.95</u>	<u>138.07</u>
<b>Allowance for Doubtful Loans</b>		
Group has analysed any allowance for doubtful loans based on the 12 months expected credit loss model. - Refer Note - 44		
<b>7 - NON - CURRENT FINANCIAL ASSETS - OTHERS</b>		
Fixed Deposit Account (having maturity period of more than 12 months)*	16.60	17.05
	<u>16.60</u>	<u>17.05</u>
* Includes margin deposit	15.00	15.00
<b>8 - NON - CURRENT ASSETS - OTHERS</b>		
Deferred Balance - Security Deposits	-	3.15
Gratuity Fund	14.50	10.58
	<u>14.50</u>	<u>13.73</u>
<b>9 - INVENTORIES</b>		
(valued at lower of cost and net realizable value)		
Raw Material	621.59	647.01
Work in Progress	577.66	1,055.86
Finished Goods	576.38	810.21
Consumable Stores and Spares	485.19	479.85
Others	17.32	9.03
	<u>2,278.14</u>	<u>3,001.96</u>
- As per inventory taken and valued by the Management		



**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>10 - CURRENT FINANCIAL ASSETS - INVESTMENTS</b>		
<b>Quoted investments</b>		
A. Fair Value through Profit and Loss		
a. Investment in Mutual Funds	4,664.36	3,502.79
	<u>4,664.36</u>	<u>3,502.80</u>

**a. Details of Current Investments**

Name of Funds	As at 31-03-2019		As at 31-03-2018	
	No. of Units	(Rs. In Lakhs)	No. of Units	(Rs. In Lakhs)
Reliance Money Manager Fund	5,813.98	58.60	48,837.54	492.31
ICICI Prudential Equity Arbitrage Fund	78,39,251.56	1,911.67	85,83,900.61	1,170.85
IDFC Arbitrage Fund	6,68,140.51	155.56	32,371.99	4.10
Kotak Equity Arbitrage Fund	30,86,040.73	814.17	55,16,198.65	589.84
Reliance Arbitrage Advantage Fund	89,64,411.69	1,697.45	46,41,108.59	491.03
Aditya Birla Sun Life Arbitrage Fund	1,42,256.49	26.91	-	-
HDFC Balance Fund	-	-	87,790.34	26.68
Birla Sunlife Mutual Fund	-	-	1,97,941.41	25.59
HDFC Arbitrage Fund - WS Normal	-	-	33,78,853.11	702.41
<b>Total</b>		<b>4,664.36</b>		<b>3,502.79</b>

**11 - TRADE RECEIVABLES**

**Unsecured**

Considered good	1,312.65	1,566.96
Considered doubtful	-	-
	<u>1,312.65</u>	<u>1,566.96</u>
Less: Provision for doubtful debts	-	-
	<u>1,312.65</u>	<u>1,566.96</u>

**Allowance for Doubtful Debts**

Group has analysed any allowance for doubtful debts based on the lifetime expected credit loss model. - Refer Note - 44

**12 - CASH AND CASH EQUIVALENTS**

**A) Balances with Banks**

- In Current Accounts	422.45	329.64
- In Fixed Deposits having a maturity period of less than 3 months	0.64	0.64
	<u>423.09</u>	<u>330.28</u>

**B) Cash on Hand**

	1.41	3.59
	<u>1.41</u>	<u>3.59</u>
	<u>424.50</u>	<u>333.87</u>

Balances with Bank in current account includes amount received from promoters and promoters group towards allotment of share warrants convertible into equity shares

113.00      -

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>13 - BANK BALANCES OTHER THAN ABOVE</b>		
<b>A) Balances with Banks</b>		
- Unpaid Dividend	21.77	20.30
	<u>21.77</u>	<u>20.30</u>
<b>14 - CURRENT - OTHER FINANCIAL ASSETS</b>		
Interest and Dividend receivable on Investments	6.35	5.12
Government Incentives receivable	27.01	29.42
	<u>33.36</u>	<u>34.54</u>
<b>15 - CURRENT ASSETS - OTHERS</b>		
Unsecured, considered good, unless otherwise stated		
Advances other than Capital Advances		
Other Loans and Advances	10.56	4.12
Statutory Dues (net)	41.52	45.78
Advance to Suppliers	181.19	142.79
Prepaid Expenses	39.16	20.93
	<u>272.42</u>	<u>213.62</u>
<b>16 - SHARE CAPITAL</b>		
Authorised:		
95,00,000 Equity Shares of Rs. 10 each	950.00	950.00
50,000 unclassified shares of Rs. 100 each	50.00	50.00
<b>Issued, Subscribed and paid-up:</b>		
52,00,582 (March 31, 2018: 5,084,382) Equity Shares of Rs. 10 each fully paid up	520.06	508.44
	<u>520.06</u>	<u>508.44</u>

**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. In Lakhs)

**16.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting year**

Particulars	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	(Rs. In Lakhs)	No. of Shares	(Rs. In Lakhs)
At the beginning of the year	50,84,382	5,08,43,820	50,84,382	5,08,43,820
Add: Shares issued pursuant to ESOP 2016 Scheme	16,200	1,62,000	-	-
Add: Shares issued pursuant to conversion of warrants	1,00,000	10,00,000	-	-
Shares outstanding at the end of the year	52,00,582	5,20,05,820	50,84,382	5,08,43,820

**Note:**

- During the year, the Holding company has allotted 16,200 equity shares of Rs. 10 each to the employees under the ESOP - 2016 Scheme.
- Upon conversion of equivalent warrants, 1,00,000 equity shares of Rs. 10 each at a premium of Rs. 140 per equity share were allotted to the Promoters group in Holding Company.

**16.2. Terms/Rights attached to the equity shares**

The Group has one class of shares referred to as equity shares having a par value of Rs. 10 each. Each shareholder is entitled to one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to their shareholding.

**16.3. Number of Shares held by each shareholder holding more than 5% Shares in the company**

Name of Share Holder	As at 31-03-2019		As at 31-03-2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Shri B. U. Patel	6,95,088	13.37	6,70,088	13.18
Shri N. U. Patel	6,68,852	12.86	6,43,852	12.66
Shri N. N. Patel	4,04,490	7.78	3,79,490	7.46
Shri A. B. Patel	3,92,443	7.55	3,67,443	7.23



**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>17 - OTHER EQUITY</b>		
<b>Capital Redemption Reserve</b>		
Opening balance	19.31	19.31
Add: Addition during the year	-	-
Less: Written back during the year	-	-
Closing balance	<u>19.31</u>	<u>19.31</u>
<b>Securities Premium</b>		
Opening balance	-	-
Add: Addition during the year	160.20	-
Less: Transfer to Retained Earnings	-	-
Closing balance	<u>160.20</u>	<u>-</u>
<b>General Reserve</b>		
Opening balance	8,558.56	9,258.56
Add: Addition during the year	-	-
Less: Transfer to Retained Earnings	-	(700.00)
Closing balance	<u>8,558.56</u>	<u>8,558.56</u>
<b>Retained Earnings</b>		
Opening balance	419.35	441.19
Add: Net Profit/(Net Loss) For the current year	(5.16)	(630.05)
Add/(Less): Adjustments on account of Ind-AS	-	-
- Transfer from General Reserves	-	700.00
- Fair Valuation of Financial Liabilities	-	-
- Fair Valuation of Financial Assets	-	-
- Effect on account of Employee Stock Options	-	-
- Proposed Dividend paid during the year	(91.94)	(91.79)
Closing Balance	<u>322.25</u>	<u>419.35</u>
<b>Share Options Outstanding Account</b>		
Opening Balance	41.27	4.09
Add: Fair valuation for FY 2018-19	18.03	37.18
Less: Transferred to Securities Premium on account of issue of Shares	20.20	-
Closing balance	<u>39.09</u>	<u>41.27</u>
<b>Fair Value through Other Comprehensive Income [FVTOCI] Reserve</b>		
Opening balance	15.85	(31.92)
Adjusted from surplus in statement of profit and loss	-	-
- Re-measurement gains / (losses) on employee benefits	10.14	47.77
- Fair valuation of equity investments	(0.83)	-
	<u>25.15</u>	<u>15.85</u>
<b>Money received against share warrants</b>	<u>150.00</u>	-
<b>Total of other equity - as at 31st March, 2019</b>	<u>9,274.56</u>	<u>9,054.35</u>

**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
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**\* 17.1 Share Option Outstanding Account**

"The Holding company during previous year, after taking requisite approvals of the governing body and shareholders, approved grant of up to 54,000 options to eligible employees of the Company. In terms of the said approval, the eligible employees were entitled against each option to subscribe for one equity share of face value of Rs. 10 each at a price of Rs. 10 per share. Market value per share of the company as on grant date is Rs. 134.70 against which the eligible employees shall subscribe each share at a price of Rs. 10 per share. "The holders of the Employee Stock Options are entitled to exercise the option within a period of three years from the date of first vesting, failing which they stand cancelled. In the case of termination of employment by the Holding Company, all options, vested or not, stand cancelled immediately. In case of voluntary resignation, all un-vested options stand cancelled. Please refer below table for details on vesting period. There are no other vesting conditions, apart from service condition."

Particulars	Part-I (30%)	Part-II (30%)	Part-III (40%)
	21-02-2017	21-02-2017	21-02-2017
Grant Date	21-02-2017	21-02-2017	21-02-2017
Vesting Period (years)	1	2	3
Vesting Date <sup>^</sup>	20-02-2018	20-02-2019	20-02-2020
No. of Options to be vested	16,200	16,200	21,600
Value considered as on Grant Date	134.70	134.70	134.70
Exercise Price	10.00	10.00	10.00

<sup>^</sup> 16,200 stock options were allotted to employees on 28.05.2018. The said warrants were subsequently converted into equity shares.

The stock options granted during the period has been measured using the Black-Scholes option pricing model at the date of the grant. The Black-Scholes option pricing model considers assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. The key inputs and assumptions used are as follows:

Share price: The closing price on stock exchange as on the date of grant has been considered for valuing the options granted.

Exercise Price: Exercise Price is the price as determined by the Committee of the Directors of Holding Company.

Risk free interest rate: The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the yield curve for Government bonds.

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018		
<b>18 - NON - CURRENT FINANCIAL LIABILITIES - BORROWINGS</b>				
<b>Secured</b>				
a. Term Loans				
From banks				
- Rupee Term Loans	192.10	551.42		
	<u>192.10</u>	<u>551.42</u>		
a. Nature of Security				
Term loan under Technology Upgradation Fund Scheme is secured by way of hypothecation of machineries purchased therefrom.				
b. <b>Rate of Interest and Terms of Repayment</b>				
	<b>Repayment Schedule</b>			
Name of Institution	Instruments	Frequency	No. of Installments	Rate of Interest
South Indian Bank - III	Term Loan	Quarterly	24	9.80%
South Indian Bank Ltd	Term Loan - 541L	Quarterly	24	10.50%
South Indian Bank Ltd	Term Loan - 40L	Monthly	83	10.70%
<hr/>				
<b>19 - NON - CURRENT FINANCIAL LIABILITIES - OTHERS</b>				
<b>Unsecured</b>				
Trade Deposits			210.25	245.34
			<u>210.25</u>	<u>245.34</u>
<hr/>				
<b>20 - NON - CURRENT PROVISIONS</b>				
<b>Provision for Employee Benefits</b>				
Gratuity			66.29	56.64
Leave Encashment			107.79	161.60
Provisions for Medical/LTA/allowances, etc.			40.09	53.24
			<u>214.17</u>	<u>271.48</u>
<b>Other Provisions</b>				
Provision for Tax (net of advance tax, TDS, self asst. tax)			119.60	126.25
			<u>333.77</u>	<u>397.73</u>

**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>21 - DEFERRED TAX LIABILITIES (NET)</b>		
Deferred Tax Liability on account of:		
(i) Depreciation		
Opening Deferred Tax Liability	346.30	424.85
Add/(Less): Charge or Credit during the year	(136.15)	(78.55)
Closing Deferred Tax Liability	210.15	346.30
Total Deferred Tax Liabilities	210.15	346.30
Deferred Tax Assets on account of:		
(i) Expenses allowable for tax purposes when paid (Octroi)		
Opening Deferred Tax Asset	15.60	15.60
Add/(Less): Charge or Credit during the year	(3.33)	-
Closing Deferred Tax Asset	12.27	15.60
(ii) Unencashed Leave (Employee or Director)		
Opening Deferred Tax Asset	65.88	60.86
Add/(Less): Charge or Credit during the year	(26.75)	5.02
Closing Deferred Tax Asset	39.13	65.88
(iii) Gratuity		
Opening Deferred Tax Asset	14.17	12.85
Add/(Less): Charge or Credit during the year	(1.83)	1.32
Closing Deferred Tax Asset	12.34	14.17
Total Deferred Tax Assets	63.74	95.65
Net Deferred Tax (Assets) / Liabilities	146.46	250.65
<b>22 - OTHER NON CURRENT LIABILITIES</b>		
<b>Others</b>		
Octroi Liability	63.49	63.49
Deferred balance - Security Deposits	0.80	1.29
	64.29	64.78
<b>23 - CURRENT FINANCIAL LIABILITIES - BORROWINGS</b>		
<b>Secured</b>		
a. Loans repayable on demand		
From banks		
- Cash Credits	155.64	33.87
	155.64	33.87
a. Natue of Security		
In case of Group, cash credits from Banks are secured against hypothecation of Raw materials, Stores, Spare parts, Stock in process, Finished goods, Work-in-progress and book debts. The rate of interest of the captioned loan, in case of holding company is 11.50%, while it is 9.80% in case of subsidiary.		



**SHRI DINESH MILLS LTD.**
**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>24 - CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES</b>		
Due to micro and small enterprises (MSME)	18.20	-
Due to other than micro and small enterprises	810.36	677.93
	<b>828.57</b>	<b>677.93</b>

**a. Disclosure under Section 22 of Micro, Small and Medium Enterprise Development (MSMED) Act, 2006**

The Group has received intimation from certain suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:

	As at 31-03-2019	As at 31-03-2018
(a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;	18.20	-
(b) Interest paid during the year	-	-
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;	-	-
(d) Interest due and payable for the period of delay in making payment;	-	-
(e) Interest accrued and unpaid at the end of the accounting year; and	-	-
(f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise;	-	-

**25 - CURRENT - OTHER FINANCIAL LIABILITIES**

Current Maturities of Long Term Debts	372.87	572.46
Interest accrued on deposits	77.41	84.28
Unpaid Dividends	19.55	17.79
Unclaimed matured deposits and interest thereon	0.45	0.45
Due to Directors	19.73	16.50
Other Liabilities	35.01	30.28
	<b>525.02</b>	<b>721.76</b>

- a. There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as on March 31, 2019 (March 31, 2018: Nil).

**26 - OTHER CURRENT LIABILITIES**

Advances received from Customers	884.86	562.13
Statutory liabilities	32.21	32.68
Provision for Expenses	405.60	530.23
Outstanding Expenses	166.49	162.16
	<b>1,489.15</b>	<b>1,287.20</b>

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>27 - SHORT TERM PROVISIONS</b>		
<b>Provision for employee benefit</b>		
Gratuity	30.04	48.20
Leave Encashment	50.06	44.26
	<u>80.10</u>	<u>92.46</u>
<b>28 - REVENUE FROM OPERATIONS</b>		
Sale of Products	8,942.14	9,414.32
	<u>8,942.14</u>	<u>9,414.32</u>
Note:		
1. For disaggregation of revenue and revenue based on Business Segment, please refer Note 39 to the Financial Statement		
2. As per evaluation of Ind AS 115, contract price / revenue from operations is recorded based on the performance obligations satisfied by the Group.		
<b>29 - OTHER INCOME</b>		
<b>Interest Received/Receivable</b>		
From banks	8.55	8.75
From others	6.36	16.73
Dividend Income	17.21	197.36
Miscellaneous Income	188.81	158.39
Net gain on foreign currency transaction and translation	0.59	7.81
Sundry balances written back	-	50.83
Gain on Fair Valuation of Financial Instruments (Net)	196.00	-
	<u>417.52</u>	<u>439.87</u>
<b>30 - COST OF MATERIALS CONSUMED</b>		
Wool	64.25	719.47
Synthetic Fibre	633.60	661.15
Yarn	666.64	674.56
Others	16.96	13.94
Gelatine & Others	914.53	659.52
	<u>2,295.98</u>	<u>2,728.64</u>
<b>30.1 - BIFURCATION OF COST OF MATERIALS CONSUMED</b>		
	<b>2018-19</b>	<b>2017-18</b>
	Value	Value
Imported	953.92	1,544.98
Indigenous	427.53	524.14
	<u>1,381.45</u>	<u>2,069.12</u>
	<u>69.05%</u>	<u>74.67%</u>
	<u>30.95%</u>	<u>25.33%</u>
	<u>100.00</u>	<u>100.00</u>
<b>31 - PURCHASES OF STOCK IN TRADE</b>		
Ready-made Garments	137.37	176.32
	<u>137.37</u>	<u>176.32</u>

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>32 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK IN PROGRESS</b>		
<u>Inventories (at close):</u>		
Work - in - Progress	577.66	1,055.86
Finished Goods	576.38	810.21
	<u>1,154.04</u>	<u>1,866.07</u>
<u>Inventories (at commencement):</u>		
Work - in - Progress	1,055.86	1,086.44
Finished Goods	810.21	1,249.17
	<u>1,866.07</u>	<u>2,335.61</u>
	<u>712.04</u>	<u>469.54</u>
<b>33 - EMPLOYEE BENEFITS EXPENSES</b>		
Salaries and Wages	2,447.61	2,737.38
Contributions to -		
- Provident fund, Superannuation scheme & Other funds	214.69	275.05
- Employees' State Insurance Scheme	22.25	37.21
Fair valuation of Employee Stock Options *	18.03	37.18
Staff Welfare Expense	12.81	11.50
	<u>2,715.39</u>	<u>3,098.32</u>
	<u>2,715.39</u>	<u>3,098.32</u>
*Refer Note 17.1 for detailed information related to Employee Stock Options		
<b>34 - FINANCE COSTS</b>		
Interest expenses	159.19	200.31
Other borrowing costs	14.43	11.02
	<u>173.63</u>	<u>211.33</u>
	<u>173.63</u>	<u>211.33</u>

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>35 - OTHER EXPENSES</b>		
<b><u>OPERATING, ADMINISTRATION AND GENERAL EXPENSES</u></b>		
Stores Consumed	325.10	381.56
Electricity, Power and Fuel	538.82	513.40
Rent	5.20	4.87
Commission	121.07	136.15
Cash Discount	144.54	150.01
Repairs	370.57	357.74
Insurance	27.02	27.22
Freight Outward	61.66	42.65
Rates and Taxes	34.92	33.20
Payments to Auditors	13.63	13.63
Advertisement and Publicity	17.21	18.13
Legal & Professional Fees	178.56	165.76
Travelling and Conveyance	191.49	183.80
Miscellaneous Expenses	331.89	362.06
Loss on Fair Valuation of Financial Instruments (Net)	-	14.07
	<u>2,361.69</u>	<u>2,404.25</u>
* includes:		
Repairs to buildings	37.84	12.76
Repairs to machinery	285.84	316.49
Other Repairs	46.89	28.49
**Payments to the auditors for		
- Statutory audit	7.44	6.20
- For taxation matters	3.95	5.20
- Others	2.24	2.23
	<u>13.62</u>	<u>13.63</u>
<b>36 - EXCEPTIONAL ITEMS</b>		
Payment on account of Voluntary Retirement Scheme (VRS) *	275.89	516.77
	<u>275.89</u>	<u>516.77</u>
*The Holding Company has announced VRS scheme on account of which payments have been made to workers during the FY 2018-19.		
<b>37 - EARNINGS PER EQUITY SHARE</b>		
Profit/(loss) available for equity shareholders	(26.04)	(680.71)
Weighted average numbers of equity shares outstanding - Basic EPS	50,98,600	50,84,382
Weighted average numbers of equity shares outstanding - Diluted EPS	51,15,038	50,84,382
Nominal value per equity share (in Rupees)	10.00	10.00
Earnings /(loss) Per Equity Share- Basic (in Rupees)	(0.51)	(13.39)
Earnings /(loss) Per Equity Share- Diluted (in Rupees)	(0.51)	(13.39)

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
<b>38 - CONTINGENT LIABILITIES AND COMMITMENTS - NOT PROVIDED FOR CONTINGENT LIABILITIES</b>		
(a) Workers' demand - matter under appeal	23.22	42.93
(b) Additional Bonus liability owing to amendment introduced in The Payment of Bonus Act, 1965, the matter at this juncture is at subjudiced stage with the various High Courts for the year 2014-15	28.48	28.48
(c) Income tax Demands / outstanding- matters under appeal	682.86	682.86
(d) Excise matters under appeal	214.08	214.08
(e) Arrears of Bonus to employess for FY 2014-15, as amended by Factories Act, not provided for in case of one of the subsidiary	1.66	1.66

Notes:

- (a) It is not practicable to estimate the timing of cash outflows, if any, in respect of matters stated above, pending resolution of the proceedings.

COMMITMENTS

NIL

**39 - SEGMENT REPORTING**

In case of Holding Company, the provisions of Ind-AS 108, 'Operating Segments' are applicable. The same is presented as under -

(a) Primary segment - Business Segment	(Rs. In Lakhs)					
	TEXTILE		PHARMACEUTICALS		CONSOLIDATED	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
<b>Revenue</b>						
External Sales	6,876.44	7,814.43	2,065.70	1,599.89	8,942.14	9,414.32
<b>Total Revenue</b>	6,876.44	7,814.43	2,065.70	1,599.89	8,942.14	9,414.32
<b>Segment Results</b>						
Profit before Interest and Tax	29.60	(500.52)	13.99	(52.67)	43.59	(553.19)
Interest Expense (Net)	114.57	150.11	59.06	61.22	173.63	211.33
Other un-allocable income, net of unallocable Expenditure					-	-
<b>Profit before tax</b>					(130.04)	(764.52)
(1) Current tax	-	-	-	-	-	-
(2) Deferred tax	(104.24)	(84.84)	-	-	(104.24)	(84.84)
<b>Profit / (Loss) for the year</b>					(25.80)	(679.68)
Less: Share of Minority Interest					(50.66)	(25.54)
<b>Other Comprehensive Income for the year</b>					9.87	48.61
Less: Share of Minority Interest					(0.27)	0.84
<b>Total Comprehensive Income for the year</b>					(15.93)	(631.07)
Less: Share of Minority Interest					(50.93)	(24.70)
Segment Assets	3,297.91	3,667.15	2,120.27	2,165.10	5,418.18	5,832.25
<b>Total Assets</b>						
Segment Liabilities	2,932.80	3,124.09	1,307.63	1,198.94	4,240.43	4,323.03
<b>Total Liabilities</b>						
<b>Capital Expenditure</b>	309.85	94.77	112.37	4.35	422.22	99.12
Depreciation & Amortisation	662.12	709.42	155.84	153.07	817.96	862.49
Non cash Expenses other than depreciation	-	-	-	-	-	-

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
(Rs. In Lakhs)		
<b>(b) Secondary segment - Geographical Segment</b>		
Information of geographical segment:		
<b>Particulars</b>	<b>Year</b>	<b>In India Outside India Total</b>
<b>Segment Revenue</b>	<b>2018-19</b>	<b>7,470.73 1,471.41 8,942.14</b>
	2017-18	8,232.89 1,181.43 9,414.32
<b>Carrying cost of Assets by location of Assets</b>	<b>2018-19</b>	<b>14,630.34 - 14,630.34</b>
	2017-18	16,027.31 - 16,027.31
<b>Additions to Assets and Intangible (Net)</b>	<b>2018-19</b>	<b>422.22 - 422.22</b>
	2017-18	72.77 - 72.77

**Other disclosures:**

1. Segment has been identified in line with the Accounting Standard - 17 "Segment reporting" taking into account the organisation Structure as well as the differing risks and returns.
2. Company has disclosed Business Segment as the Primary Segment.
3. Composition of Business Segment:

Name of Segment comprises of:

- |                     |                             |
|---------------------|-----------------------------|
| (a) Textile         | Woollen Textiles            |
| (b) Pharmaceuticals | Empty Hard Gelatin Capsules |

**40 - DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 19 EMPLOYEE BENEFITS**

The Company has classified the various benefits provided to employees as under:-

**(a) Defined contribution plans**

- Provident fund

The Company has recognized the following amounts in the statement of profit and loss:

**(b) Defined benefit plans**

- Gratuity

In accordance with Indian Accounting Standard 19, actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following assumptions-

**Economic Assumptions**

The discount rate and salary increases assumed are the key financial assumptions and should be considered together; it is the difference or 'gap' between these rates which is more important than the individual rates in isolation.

**Discount Rate**

The discounting rate is based on the gross redemption yield on medium to long term risk free investments. The estimated term of the benefits/obligations works out to zero years. For the current valuation a discount rate of 7.73% p.a. (Previous Year 7.27% p.a.) compound has been used.

**Salary Escalation Rate**

The salary escalation rate usually consists of at least three components, viz. regular increments, price inflation and promotional increases. In addition to this any commitments by the management regarding future salary increases and the Company's philosophy towards employee remuneration are also to be taken into account. Again a long-term view as to trend in salary increase rates has to be taken rather than be guided by the escalation rates experienced in the immediate past, if they have been influenced by unusual factors.

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(Rs. In Lakhs)

	As at 31-03-2019	As at 31-03-2018
	<b>Gratuity (Funded)</b>	
<b>The assumptions used are summarized in the following table:</b>		
Change in present value of the defined benefit obligation during the year	<b>858.71</b>	1,031.38
Present value of obligation as at the beginning of the year	<b>65.14</b>	75.02
Interest Cost	<b>39.20</b>	49.13
Current Service Cost	<b>39.20</b>	49.13
Past Service Cost	-	40.59
Benefits Paid	<b>(331.90)</b>	(292.82)
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	<b>(0.98)</b>	(20.13)
Actuarial (Gain)/Loss on arising from Experience Adjustment	<b>(7.57)</b>	(40.71)
Present value of obligation as at the end of the year	<b>622.59</b>	842.45
<b>Change in fair value of plan assets during the year</b>		
Fair Value of plan assets at the beginning of the year	<b>794.32</b>	953.68
Interest Income	<b>61.42</b>	69.37
Contributions by the employer	<b>50.38</b>	76.33
Benefits paid	<b>(331.90)</b>	(292.82)
Return on plan assets	<b>2.15</b>	(12.23)
Fair Value of plan assets at the end of the year	<b>576.36</b>	794.32
<b>Net Asset/ (Liability) recorded in the Balance Sheet</b>		
Present value of obligation as at the end of the year	<b>622.59</b>	842.45
Fund Balance	<b>557.55</b>	780.49
Net Asset/ (Liability)-Current	<b>46.23</b>	48.20
Net Asset/ (Liability)-Non-Current	<b>18.81</b>	13.76
<b>Expenses recorded in the Statement of Profit &amp; Loss during the year</b>		
Interest Cost	<b>4.85</b>	6.54
Current Service Cost	<b>39.20</b>	49.13
Past Service Cost	-	40.59
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	<b>0.12</b>	(0.55)
Actuarial (Gain)/Loss on arising from Experience Adjustment	<b>0.53</b>	(1.50)
Total expenses included in employee benefit expenses	<b>44.05</b>	96.26
<b>Recognized in Other Comprehensive Income during the year</b>		
Actuarial (Gain)/Loss on arising from Change in Financial Assumption	<b>(10.70)</b>	(48.61)
<b>Maturity analysis of the benefit payments from the fund</b>		
1st following year	<b>222.84</b>	200.18
2nd following year	<b>55.00</b>	112.15
3rd following year	<b>56.55</b>	115.54
4th following year	<b>26.24</b>	77.74
5th year and thereafter	<b>707.04</b>	983.82
<b>Quantitative sensitivity analysis for significant assumption is as below:</b>		
Increase/ (decrease) on present value of defined benefit obligation at the end of the year	<b>586.18</b>	826.19
1 percentage point increase in discount rate	<b>(27.23)</b>	(40.11)
1 percentage point decrease in discount rate	<b>31.42</b>	45.92
1 percentage point increase in salary increase rate	<b>31.40</b>	46.37
1 percentage point decrease in salary increase rate	<b>(27.73)</b>	(41.28)
1 percentage point increase in employee turnover	<b>6.86</b>	9.10
1 percentage point decrease in employee turnover	<b>(7.76)</b>	(10.24)



**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

	As at 31-03-2019		As at 31-03-2018	
	Foreign Currency (Rs. In Lakhs)		Foreign Currency (Rs. In Lakhs)	

**41 - HEDGED AND UNHEDGED DERIVATIVE INSTRUMENTS**

- (a) The amount of foreign currency exposures that are not hedged by a derivative instrument or otherwise as at 31st March, 2019, 31st March, 2018.

**Receivables**

Trade Receivables (in USD)	3.27	226.60	2,70,731.25	175.60
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**Payables**

Advance received from Customers (in USD)	43,842.99	30.42	23,335.20	15.18
(in EURO)	-	-	4,300.00	3.46

**42 - RELATED PARTY DISCLOSURES AS PER INDIAN ACCOUNTING STANDARD-24**

- (a) **Related Parties** Description of relationship

i) <u>Where significant influence exists:</u>	
Dinesh Remedies Limited	Subsidiary
Shri Dinesh Foundation	Key Management Personnel are Trustee
Shri Maganbhai B. Patel's Charity Trust	Key Management Personnel are Trustee

- ii) Key Managerial Personnel

Name	Relationship/Designation in Holding Company	Relationship/Designation in Subsidiary Companies
Mr. B.U. Patel	Chairman & Managing Director	Director
Mr. N.U. Patel	-	Chairman & Managing Director
Mr. I. B. Sojitra	Company Secretary	-
Mr. T.M. Patel	Non-executive Independent Director	-
Mr. Rakesh Agrawal	Non-executive Independent Director	-
Mr. Sanjiv M. Shah	Non-executive Independent Director	-
Mr. Apurva Shah	Chief Financial Officer	-
Mrs. Taruna Patel	Non-executive Independent Director	-
Mr. Bindesh Patel	-	Chief Financial Officer
Mr. Shukla	-	Company Secretary
Shri Pareshbhai Manilal Saraiya	-	Non-executive Ind. Director
Shri Sujitbhai Jaysukhbhai Bhayani	-	Non-executive Ind. Director
Shri Sanjivkumar Mahendralal Shah	-	Non-executive Ind. Director

- iii) Relatives Of Key Management Personnel

Name	Relationship/Designation
Mrs. R.B.Patel	Wife of Mr. B.U. Patel
Mrs. A.N.Patel	Wife of Mr. N.U.Patel
Ms J.B.Patel	Daughter of Mr. B.U.Patel
Mr. A.B.Patel	Son of Mr. B.U.Patel
Mr. N.N.Patel	Son of Mr. N.U.Patel

- (b) **Transactions with related parties:**

	(Rs. In Lakhs)			
	Amount 2018-19	Amount 2017-18	Outstanding 2018-19	Balance 2017-18
Remuneration paid to CMD - Shri B U Patel	133.48	109.38	9.75	8.75
Remuneration paid to MD - Shri N U Patel	110.40	109.38	9.98	7.75
Remuneration paid to relative of KMP	24.36	17.38	1.13	0.31
Director's Sitting Fees paid to Mr. T M Patel	1.51	1.49	-	-
Director's Sitting Fees paid to Mr. Sanjiv Shah	1.05	1.51	-	-
Director's Sitting Fees paid to Mr. Rakesh Agrawal	1.79	1.59	-	-
Director's Sitting Fees paid to Mrs. Tarunaben Patel	1.32	0.95	-	-
Remuneration paid to Chief Financial Officer (Mr. Apurva Shah)	16.66	7.09	0.57	0.59
Remuneration paid to Company Secretary	25.67	19.59	0.73	0.63

- (i) There are no provisions for doubtful debts or amounts written off or written back in respect of debts due to or due from related parties
- (ii) Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors



**SHRI DINESH MILLS LTD.**
**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**
**43. FINANCIAL INSTRUMENTS - ACCOUNTING CLASSIFICATIONS AND FAIR VALUE MEASUREMENTS**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

1. Fair values of cash and short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short-term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on the evaluation, allowances are taken to account for the expected losses of these receivables.

The company uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effects on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effects on the recorded fair value that are not based on observable market data.

**I. Figures as at March 31, 2019**

Financial Instrument	Note No.	Carrying Amount				Fair value				
		FVTPL	FVOCI	Total Fair Value	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Non Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments		-	12.10	12.10	18.81	30.91	-	-	12.10	12.10
(ii) Loans		-	-	-	142.95	142.95	-	-	142.95	142.95
(iii) Others		-	-	-	16.60	16.60	-	-	-	-
<b>Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments		4,664.36	-	4,664.36	-	4,664.36	4,664.36	-	-	4,664.36
(ii) Trade Receivables		-	-	-	1,312.65	1,312.65	-	-	-	-
(iii) Cash and Cash Equivalents		-	-	-	424.50	424.50	-	-	-	-
(iv) Bank balances other than above (ii)		-	-	-	21.77	21.77	-	-	-	-
(v) Others		-	-	-	33.36	33.36	-	-	-	-
		<b>4,664.36</b>	<b>12.10</b>	<b>4,676.46</b>	<b>1,970.65</b>	<b>6,647.11</b>	<b>4,664.36</b>	<b>-</b>	<b>155.05</b>	<b>4,819.41</b>
<b>Non Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings		-	-	-	192.10	192.10	-	-	-	-
(ii) Others		-	-	-	210.25	210.25	-	-	210.25	210.25
<b>Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings		-	-	-	155.64	155.64	-	-	-	-
(ii) Trade Payables		-	-	-	828.57	828.57	-	-	-	-
(iii) Other Financial Liabilities		-	-	-	525.02	525.02	-	-	-	-
		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,911.58</b>	<b>1,911.58</b>	<b>-</b>	<b>-</b>	<b>210.25</b>	<b>210.25</b>

**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**
**II. Figures as at March 31, 2018**

Financial Instrument	Note No.	Carrying Amount				Fair value				
		FVTPL	FVOCI	Total Fair Value	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Non Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments		-	12.93	12.93	18.81	31.74	-	-	12.93	12.93
(ii) Loans		-	-	-	138.07	138.07	-	-	138.07	138.07
(iii) Others		-	-	-	17.05	17.05	-	-	-	-
<b>Current Assets</b>										
<b>Financial Assets</b>										
(i) Investments		3,502.79	-	3,502.79	-	3,502.79	3,502.79	-	-	3,502.79
(ii) Trade Receivables		-	-	-	1,566.96	1,566.96	-	-	-	-
(iii) Cash and Cash Equivalents		-	-	-	333.87	333.87	-	-	-	-
(iv) Bank balances other than above (ii)		-	-	-	20.30	20.30	-	-	-	-
(v) Others		-	-	-	34.54	34.54	-	-	-	-
		<b>3,502.79</b>	<b>12.93</b>	<b>3,515.72</b>	<b>2,129.60</b>	<b>5,645.32</b>	<b>3,502.79</b>	-	<b>151.00</b>	<b>3,653.79</b>
<b>Non Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings		-	-	-	551.42	551.42	-	-	-	-
(ii) Others		-	-	-	245.34	245.34	-	-	245.34	245.34
<b>Current Liabilities</b>										
<b>Financial Liabilities</b>										
(i) Borrowings		-	-	-	33.87	33.87	-	-	-	-
(ii) Trade Payables		-	-	-	677.93	677.93	-	-	-	-
(iii) Other Financial Liabilities		-	-	-	721.76	721.76	-	-	-	-
		-	-	-	<b>2,230.31</b>	<b>2,230.31</b>	-	-	<b>245.34</b>	<b>245.34</b>

During the reporting period ending March 31, 2019 and March 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

**44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial liabilities comprise of borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include Investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations

The Group's risk management is carried out based on the policies approved by the Board of directors. Based on that policy, Group identifies and evaluates financial risks in close co-operation with the Group's operating unit. The board overviews policy related to overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and non-derivative financial instruments along with investment of excess liquidity.

**Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, equity and mutual fund prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments and deposits, foreign currency receivables, payables and loan borrowings.

"The Holding company is manufacturing woolen & worsted fabrics and felts. The environment in which the Company operates has changed significantly over the past decade, predominantly as a result of introduction of new competitive markets, globalization and changes in the Laws. This, in turn, has resulted in to considerable changes in internal operations, including our risk profile. As the company's operating environment continues to be transformed, embedding risk management principles and practices into strategy development and day to day business processes is critical to achieve robust and proactive commercial outcomes – a balance between mitigation threats and exploiting opportunity; creating and protecting value. Overall, the company expects to strengthen its current position in coming years." "One of the group's subsidiaries, i.e., Dinesh Remedies Limited, is a company that is expecting to derive a good part of its revenues from outside India. Within India, the Company' have an extensive marketing network and goodwill among the customers. The Company is optimistic that with its quality product and good customer relations will enable it to enhance its presence in its chosen markets. The Company is concentrating on serving a rationalized customer base in the domestic market accompanied by higher satisfaction and retention levels as an effective counter to the new entrant in the business."

**Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the group's position with regards to the interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

The group is not exposed to significant interest rate risk as at the specified reporting date on account absence of any instruments whose interest rate is dependent on foreign exchange fluctuation.

Refer Notes to account for interest rate profile of the group's interest-bearing financial instrument at the reporting date.

**Foreign currency risk**

The group operates in domestic as well as international market, however, the nature of its operations requires it to transact in in several currencies and consequently the group is exposed to foreign exchange risk in certain categories of foreign currencies. In current year, about 15 % of the group's revenue is from export. The group has laid down certain procedures to de-risk itself against currency volatility. It also out sources expert advice whenever required. The group evaluates exchange rate exposure arising from foreign currency transactions and the group follows established risk management policies.

**I. Foreign Currency Exposure**

Refer Note 41 for foreign currency exposure as at March 31, 2019 and March 31, 2018.

**II. Foreign Currency Sensitivity**

1% increase or decrease in foreign exchange rates will have the following impact on the profit before tax

Currency	2018-19		2017-18	
	1% Increase	1% Decrease	1% Increase	1% Decrease
USD	5.88	(5.88)	1.87	(1.87)
EURO		-	0.03	(0.03)
<b>Total</b>	<b>5.88</b>	<b>(5.88)</b>	<b>1.90</b>	<b>(1.90)</b>

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

**Credit risk**

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. To manage this, the Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivable. Individual risk limits are set accordingly.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is significant increase in credit risk the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default as the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- (i) Actual or expected significant adverse changes in business,
- (ii) Actual or expected significant changes in the operating results of the counterparty.
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligation,
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty.
- (v) Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than reasonable period of time decided by the Management. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

**44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd..)**

- I. Financial assets for which loss allowance is measured using 12 months Expected Credit Losses (ECL)

**Particulars**

(Rs. In lakhs)	
As at 31-03-2019	As at 31-03-2018
Non-current financial assets - Loans	138.07
Total (A)	138.07

- II. Financial assets for which loss allowance is measured using 12 months Life Time Expected Credit Losses (ECL)

Trade Receivables

1,312.65	1,566.96
Total (A)	1,566.96

Grand Total (A+B)

Balances with banks are subject to low credit risks due to good credit ratings assigned to these banks.

- III. The ageing analysis of these receivables (gross of provision) has been considered from the date the invoice falls due

Up to 6 months	1,326.49
More than 6 months	240.47
Total	1,566.96

- IV. Provision for expected credit losses against "II" and "III" above

The Group has assets where the counter- parties have sufficient capacity to meet the obligations and where the risk of default is very low. Hence based on historic default rates, the Group believes that, no impairment allowance is necessary in respect of above mentioned financial assets.

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

**Liquidity Risk**

Liquidity Risk is defined as the risk that the company will not be able to settle or meet its obligations on time or at reasonable price. The Group is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecast on the basis of expected cash flows.

**Maturity profile of financial liabilities**

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Particulars	As at 31-03-2019			As at 31-03-2018		
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total
Non-current financial liabilities - Borrowings	-	366.49	366.49	-	776.32	776.32
Non-current financial liabilities - Others	-	210.25	210.25	-	245.34	245.34
Current financial liabilities - Borrowings	533.45	-	533.45	33.87	-	33.87
Current financial liabilities - Trade Payables	414.34	-	414.34	677.93	-	677.93
Current financial liabilities - Others	1,563.60	192.10	1,755.70	720.21	-	720.21
<b>Total</b>	<b>2,511.38</b>	<b>594.46</b>	<b>3,280.23</b>	<b>1,432.01</b>	<b>796.76</b>	<b>2,453.66</b>

**Capital management**

For the purposes of the Group's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Group's Capital Management is to maximise shareholder value. The Group manages its capital structure and makes adjustments in the light of changes in economic environment and the requirement of the financial covenants.

The Group monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

Particulars	(Rs. In lakhs)	
	As at 31-03-2019	As at 31-03-2018
Total Debt	192.10	551.42
Equity	9,794.62	9,562.79
Capital and net debt	9,986.73	10,114.21
Gearing ratio	1.92%	5.45%

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

**1. CORPORATE INFORMATION**

Shri Dinesh Mills Limited (the Holding Company) is a company having composite textile mill with a very strong presence in the textile industry for more than 60 years; manufacturing worsted fabrics (menswear), paper makers felts and industrial textiles. For International market, it has been manufacturing and exporting worsted fabrics to various overseas markets since last 30 Years. It maintains the highest standards of quality to meet the requirements of its discerning customers. The Holding Company has three subsidiaries as on the balance sheet date namely Dinesh Remedies Limited (DRL) which is into manufacturing high quality two-piece hard gelatin capsules for the pharmaceutical and dietary supplement markets; Fernway Technologies Limited which was acquired by the Holding Company on 30th October, 2017 and Fernway Textiles Limited which was acquired by the Holding Company on 6th November, 2017.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

a) Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2017.

b) Functional and presentation currency

These financial statements are presented in Indian rupee, which is the Group's functional currency. All amounts have been rounded to the nearest lakh, unless otherwise indicated.

c) Basis of measurement

The financial statements have been prepared on historical cost basis, except certain financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments), defined benefits plans - plan assets and contingent consideration. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purposes of current / non-current classification of assets and liabilities.

**Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- a. Expected to be realized or intended to be sold or consumed in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Expected to be realized within twelve months after the reporting period, or
- d. Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- a. It is expected to be settled in normal operating cycle
- b. It is held primarily for the purpose of trading
- c. It is due to be settled within twelve months after the reporting period, or
- d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**SHRI DINESH MILLS LTD.**
**NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019**
**2A Principles of Consolidation**

These consolidated financial statements have been prepared in accordance with Indian Accounting Standard 110 (Ind AS 110) - "Consolidated Financial Statements". These consolidated financial statements comprise the financial statements of the Company and its following subsidiaries: -

Name of the Company	Country of Incorporation	Effective % of holding as at 31st March, 2019	Effective % of holding as at 31st March, 2018
Dinesh Remedies Limited	India	55.52%	55.52%
Fernway Textiles Limited	India	100.00%	100.00%
Fernway Technologies Limited	India	100.00%	100.00%

These consolidated financial statements have been prepared on the following basis:

- the financial statements of the Holding Company and its Indian Subsidiaries have been combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions, if any, based on the audited financial statements received from the Indian Subsidiaries for the year ended 31st March 2019, in Indian Rupees as per the Ind AS provisions.
- These consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's standalone financial statements.
- The difference between the cost of investment in the subsidiaries and the Holding Company's share of net assets at the time of acquisition of shares in the subsidiaries is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.
- Goodwill arising out of consolidation is tested for impairment at each balance sheet date.
- Non-controlling interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and equity of the Holding Company's shareholders.

Non-controlling interest in the net assets of consolidated subsidiaries consists of: -

- the amount of equity attributable to non-controlling interest at the date on which investment in Subsidiary is made; and
- the noncontrolling' share of movements in equity since the date the parent - subsidiary relationship came into existence.

Minority interests share of Net Profit / (Loss) of consolidated subsidiaries for the relevant period is identified and adjusted against the profit after tax of the group.

**2B. USE OF ESTIMATES**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the group's accounting policies. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be adjusted due to estimates and assumptions turning out to be different from those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgments

The areas involving critical estimates or judgments are:

- Estimation of current tax expense and payable - Refer accounting policies - 3.9
- Estimated useful life of property, plant & equipment and intangible assets - Refer accounting policies - 3.1
- Estimation of defined benefit obligation - Refer accounting policies - 3.8
- Estimation of fair values of contingent liabilities - Refer accounting policies - 3.12
- Recognition of revenue - Refer accounting policies - 3.4
- Recognition of deferred tax assets for carried forward tax losses - Refer accounting policies - 3.9
- Impairment of financial assets - Refer accounting policies - 3.2 & 3.5

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**3.1 Property, plant and equipment:**

Property, plant and equipment are stated at original cost (including any revaluation in previous years) net of tax / duty credit availed, less accumulated depreciation and accumulated and accumulated impairment losses, if any. Costs include financing costs of borrowed funds attributable to acquisition or construction of fixed assets, up to the date the assets are put-to-use.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognized separately as independent items and are depreciated over their estimated economic useful lives.

All other repair and maintenance costs are recognized in the statement of profit and loss as incurred unless they meet the recognition criteria for capitalization under Property, Plant and Equipment

Tangible Fixed Assets:

- (a) In case of Holding Company, premium on leasehold land is being amortized over the period of lease.
- (b) In case of Holding Company, depreciation on all other fixed asset is provided on written down value method except for plant & machinery, wherein straight-line method is followed. Rate of depreciation is accordance with the provisions of section 123 of the Companies Act, 2013 considering the useful life provided in part "C" of the schedule II. Depreciation on additions to the assets during the year is being provided on pro-rata basis with reference to the month of acquisition /installation. Depreciation on assets sold, discarded, demolished or scrapped during the year is being provided up to the month in which such assets are sold, discarded, demolished or scrapped.
- (c) In case of Subsidiary Company i.e. DRL, Depreciation on all the assets is being provided on straight line method in accordance with the provisions of section 123 of the companies Act, 2013 considering the useful life provided in part "C" of the schedule II. The useful life of Continuous process plants and electrical installations are considered based on the technical assessment by the management (20 years life is considered). Depreciation on additions to the assets during the year is being provided on pro rata basis at their respective rates derived from useful life from the date of such addition or as the case may be as provided in section 123 of the Companies Act, 2013. On transition to Ind AS as on April 1, 2016, the Company has elected to measure its Property, Plant and Equipment at cost as per Ind AS.

Intangible Assets:

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses (if any).

An item of intangible asset initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the income statement when the asset is derecognized. Intangible fixed assets are amortized on straight line basis over their estimated useful economic life.

Capital Work- in- progress

Capital work- in- progress represents directly attributable costs of construction to be capitalized. All other expenses including interest incurred during construction period are capitalized as a part of the construction cost to the extent to which these expenditures are attributable to the construction as per Ind AS-23 "Borrowing Costs". Interest income earned on temporary investment of funds brought in for the project during construction period are set off from the interest expense accounted for as expenditure during the construction period.

**3.2 Impairment of non-financial assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset



## SHRI DINESH MILLS LTD.

### NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the Group measures it on the basis of discounted cash flows for the remaining year's (remaining useful life) projections estimated based on current prices. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognized for an asset in prior accounting periods may no longer exist or may have decreased. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 3.3 Foreign Currency Transactions

The Group's financial statements are presented in INR, which is also the Group's functional currency.

##### Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of transaction.

##### Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items, which are measured in terms of historical costs denominated in foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

##### Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting Group's monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements including receivables and payables which are likely to be settled in foreseeable future, are recognized as income or as expenses in the year in which they arise. All other exchange differences are recognized as income or as expenses in the period in which they arise.

Transactions covered under forward contracts are accounted for at the contracted rate. All export proceeds have been accounted for at a fixed rate of exchange at the time of raising invoices. Foreign exchange fluctuations as a result of the export sales have been adjusted in the statement of profit and loss account and export proceeds not realized at the balance sheet date are restated at the rate prevailing as at the balance sheet date.

#### 3.4 Revenue recognition

Effective 01 April 2018, the Group has adopted Indian Accounting Standard 115 (Ind AS 115) 'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant. Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products or services. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specifically,

- (i) Domestic Sales are recognized as revenue on transfer of significant risk, rewards and control of ownership which is generally on dispatch of products to the customers.
- (ii) Export Sales are recognized as revenue on transfer of significant risk, rewards and control of ownership which is generally on the basis of the dates of Bill of Lading and / or Air Way Bill.
- (iii) Export incentives benefits under "Duty Entitlement Pass Book under the Duty Exemption Scheme" and "Duty Draw back scheme" are accounted in the year of exports.
- (iv) Dividend income is accounted for in the year in which the right to receive the same is established
- (v) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable
- (vi) Claims receivable on account of Insurance are accounted for to the extent the Group is reasonably certain of their ultimate collection.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

**3.5 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**A. Financial Assets**

**a. Initial recognition and measurement:**

All financial assets are recognized initially at fair value (FVOCI / amortized cost / FVTPL). Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place [regular way trades] are recognized on the settlement date, trade date, i.e., the date that the Group commits to purchase or sell the asset.

**b. Subsequent measurement:**

For purposes of subsequent measurement, financial assets are classified in four categories:

**i. Debt instruments at amortized cost:**

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held with an objective of collecting contractual cash flows
- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate [EIR] method. Amortized cost is calculated by taking into account any discount or premium on acquisition (if any) and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

**ii. Debt instruments at fair value through other comprehensive income [FVTOCI]:**

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The asset is held with objective of both - for collecting contractual cash flows and selling the financial assets
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income [OCI]. However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to Statement of Profit and Loss.

**iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss [FVTPL]:**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

**iv. Equity instruments measured at fair value through other comprehensive income [FVTOCI]:**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group has made such election on an instrument by- by instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**SHRI DINESH MILLS LTD.**

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

**c. Derecognition:**

A financial asset is primarily derecognized when:

- i. The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either [a] the Group has transferred substantially all the risks and rewards of the asset, or [b] the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

**B. Financial liabilities:**

**a. Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as over the counter derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

**b. Subsequent measurement:**

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

- i. Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes over the counter derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied for liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

- ii. Loans and borrowings:

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

**c. Derecognition:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**C. Reclassification of financial assets:**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognized gains, losses [including impairment gains or losses] or interest.

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

**D. Offsetting of financial instruments:**

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

**3.6 Fair Value Measurement**

The Group measures financial instruments at fair value at each balance sheet date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a. In the principal market for the asset or liability, or
- b. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted [unadjusted] market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**3.7 Inventories**

- i. Stores, Machinery Spares, Coal, etc. are valued at cost or net realizable value whichever is lower. Cost is arrived at on 'Moving Weighted Average Cost basis';
- ii. Raw Materials are valued at cost or net realizable value whichever is lower. Cost is arrived at on 'Specific Identification cost basis'
- iii. Materials in Process and Finished Goods are valued at cost or net realizable value, whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- iv. Materials in Customs Bonded Warehouse and in transit are stated at cost, up to the date of Balance Sheet.
- v. Due allowance is estimated and provided for defective and obsolete items, wherever necessary, based on the past experience of the Group.

**3.8 Retirement benefits**

Retirement benefit costs for the year are determined on the following basis:

**i. Defined Contribution Plan:**

Group's contribution paid/payable during the period to Provident Fund, Employee Deposit Linked Insurance Plan, Super Annuation Fund, Employee State Insurance Plan and Labour Welfare Fund are recognized as an expense in the Profit and Loss Account.

**ii. Defined Benefit Plan:**

Provision for payments to the Employees Gratuity Fund after taking into account the funds available with the Trustees of the Gratuity Fund is based on actuarial valuation done at the close of each financial year.

At the reporting date Group's liabilities towards gratuity is determined by independent actuarial valuation using the projected unit credit method as per Ind AS 19. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to other comprehensive income in the period in which they occur. Re-measurements are not classified to the statement of profit and loss in subsequent periods.

## SHRI DINESH MILLS LTD.

### NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

#### iii. Other defined benefits

Provision for other defined benefits for long term leave encashment is made based on an independent actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gain and losses are recognized as give in (ii) above.

- iv. Group recognizes the undiscounted amount of short term employee benefits during the accounting period based on service rendered by employees.
- v. Compensation and gratuity paid on account of Voluntary Retirement Scheme (VRS) is treated as revenue expenditure as and when the scheme is announced by the Group which is in line with the provisions related to constructive obligations as stated in Ind AS 37.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

#### 3.9 Taxes on Income

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 and tax laws prevailing in the respective tax jurisdictions where the Group operates. Current tax items are recognized in correlation to the underlying transaction either in P&L, OCI or directly in equity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized on the basis of reasonable certainty that the Group will be having sufficient future taxable profits and based on the same the DTA has been recognized in the books.

The carrying amount (if any) of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent the management estimates that it has become reasonable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

#### 3.10 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs which are not specifically attributable to the acquisition, construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a weighted average capitalization rate. The weighted average rate is taken of the borrowing costs applicable to the outstanding borrowings of the Group during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized cannot exceed the amount of borrowing costs incurred during that period.

#### 3.11 Earnings per equity share

Basic earnings per share is calculated by dividing the net profit or loss from continuing operation and total profit, both attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the period.

#### 3.12 Provisions, Contingent Liabilities and Contingent Assets:

Provision is recognized when the Group has a present obligation (legal or constructive) as a result of past events

NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made.

A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets. Provisions, contingent liabilities, contingent assets and commitments are renewed at each balance sheet date.

**3.13 Cash and Cash Equivalents**

Cash and cash equivalent comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**3.14 Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

**3.15 Government Subsidies**

The Group recognizes government subsidies / grant as per the criteria given under Ind AS 20.

- i. Government subsidies are recognized when there is reasonable assurance that the same will be received.
- ii. Revenue subsidies (for expenses that are already incurred) are reduced from the respective expenditure presented in the profit and loss account.
- iii. Capital subsidies relating to specific fixed assets are recognized in statement of profit and loss on a systematic basis over the useful life of the assets.

**3.16 Exceptional items**

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Group is such that its disclosure improves the understanding of the performance of the Group, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

Form: AOC - I

(Pursuant to first proviso to sub - section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
**Statement containing salient features of the Financial Statement of Subsidiaries / Associate companies / Joint Ventures as at 31/03/2019**

**Part - "A": Subsidiaries**

(Rs. in Lakhs)

Sr. No.	Particulars	Amount	Amount	Amount
1	Name of the Subsidiary	Dinesh Remedies Ltd.	Fernway Technologies Ltd.	Fernway Textiles Ltd.
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period is same i.e. 31st March of every year	Reporting period is same i.e. 31st March of every year	Reporting period is same i.e. 31st March of every year
3	Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Not Applicable	Not Applicable	Not Applicable
4	Share Capital	2359.16	5.00	5.00
5	Reserves & Surplus	(537.29)	(0.63)	(0.63)
6	Total Assets	3129.51	5.00	5.00
7	Total Liabilities	3129.51	5.00	5.00
8	Investments	0.00	0.00	0.00
9	Turnover	2065.70	0.00	0.00
10	Profit Before Tax	(45.07)	(0.12)	(0.12)
11	Provision for Taxation	(0.60)	0.00	0.00
12	Profit after Tax	(45.67)	(0.12)	(0.12)
13	Proposed Dividend	NIL	NIL	NIL
14	% of shareholding	55.52%	100%	100%

**Notes:**

- (1) Names of subsidiaries which are yet to commence operations: Fernway Technologies Ltd. and Fernway Textiles Ltd.
- (2) Names of subsidiaries which have been liquidated or sold during the year: None

**Part - "B": Associates and Joint Ventures: - None**

For and on behalf of the Board of Directors of Shri Dinesh Mills Limited,

**BHARAT PATEL**  
Chairman & Managing Director

**NIMISH PATEL**  
Managing Director

**J. B. SOJITRA**  
Company Secretary

**APURVA SHAH**  
Chief Financial Officer (CFO)

Vadodara, 25th May, 2019



**SHRI DINESH MILLS LIMITED**

Regd. Office: Post Box No. 2501, Padra Road, Vadodara - 390 020  
E-Mail: [sojitra@dineshmills.com](mailto:sojitra@dineshmills.com) Contact: 0265-2330060-65 FAX: 0265-2336195  
CIN: L17110GJ1935PLC000494

**IMPORTANT NOTICE TO SHAREHOLDERS**

**Sub: Mandatory Updation of PAN and Bank details**

Dear Shareholder(s),

This is to inform you that, pursuant to SEBI circular dated 20th April, 2018, Shareholder(s) whose ledger folios do not have details with regard to their PAN and Bank details are required to compulsorily send the following details either to our RTA i.e. MCS Share Transfer Agent Ltd or to the Company for updating the data in respective folios so that we can print the Bank details on Dividend Warrants to be issued by the Company.

**ACTION REQUIRED FROM Shareholder(s):**

You are requested to submit the following documents to update the records immediately on receipt of this letter:

1. Self-attested copy of PAN Card of all the shareholders including joint holders.
2. Cancelled Cheque leaf with pre-printed name thereon (If name is not pre-printed, on cheque, self-attested copy of passbook be given)
3. Address proof (Self attested Aadhar Card, or other proof like Passport, Driving License etc.)

In case if you have any query or need any assistance in this regard, please contact;

<p><b>The Company Secretary</b> <b>SHRI DINESH MILLS LIMITED</b> Regd. Office: Post Box No. 2501, Padra Road, Vadodara - 390 020 E-Mail: <a href="mailto:sojitra@dineshmills.com">sojitra@dineshmills.com</a> Contact: 0265-2330060-65 Fax: (0265) 2336195 CIN: L17110GJ1935PLC000494</p>	<p><b>MCS Share Transfer Agent Limited</b> 1st Floor, Neelam Apartment, 88, Sampatrao Colony, Above Chappanbhog Sweet, Alkapuri, Vadodara - 390 007 Tel:(0265) 2314757, 2350490 Fax: (0265) 2341639 CIN NO. U67120WB2011PLC165872</p>
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Please note that, if you have already informed /updated your details relating to PAN & Bank details to the Company / RTA, kindly ignore this communication.

Yours Faithfully,  
**For Shri Dinesh Mills Limited,**  
**J B Sojitra**  
**Company Secretary**





**SHRI DINESH MILLS LIMITED**

Regd. Office : P.O. Box No. 2501, Padra Road, Vadodara - 390 020 | [www.dineshmills.com](http://www.dineshmills.com)  
(CIN: L17110GJ1935PLC000494)

**84th ANNUAL GENERAL MEETING  
ATTENDANCE SLIP**

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

No. of Shares : \_\_\_\_\_

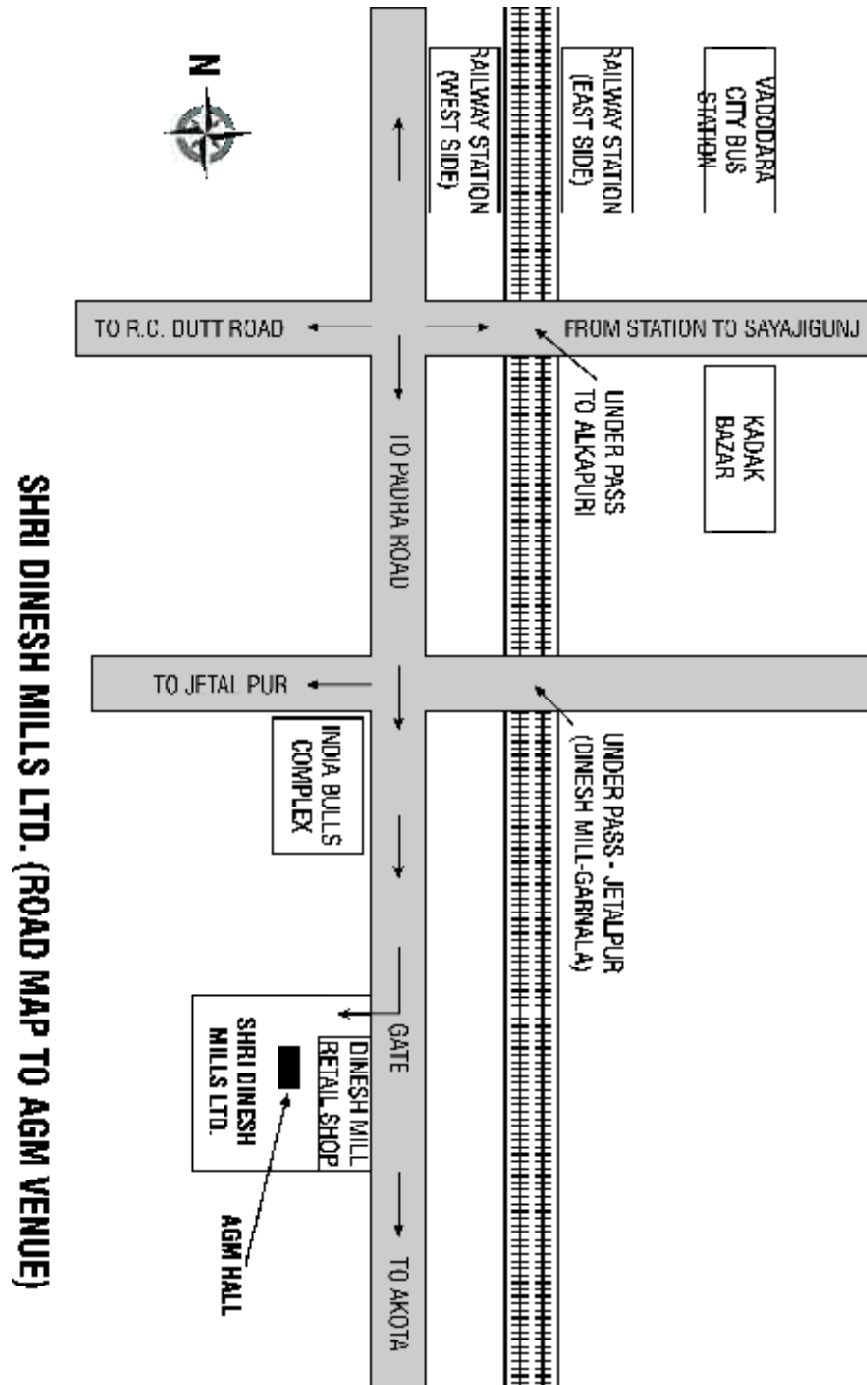
Name of Proxy (if any) \_\_\_\_\_

I/We hereby record my/our presence at the 84th Annual General Meeting of the Company being held at Registered Office of the Company at Padra Road, Vadodara on Thursday, the 26th September, 2019 at 11.00 A.M.

\_\_\_\_\_  
Member's/Proxy's Signature

Notes :

1. Please complete the Folio / DP-ID / Client ID No. and Name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the entrance of the Meeting Hall.
2. Members holding shares in physical form are requested to advise the change in their address, if any to the Registrar / Company quoting their Folio Number(s). Members holding shares in electronic form may update such details with their respective Depository Participant(s).
3. Member intending to appoint a proxy, should complete the proxy form printed below and deposit it at the Company's Registered Office not later than 48 hours before the commencement of the Annual General meeting.



SHRI DINESH MILLS LTD. (ROAD MAP TO AGM VENUE)



**SHRI DINESH MILLS LIMITED**

Regd. Office : P.O. Box No. 2501, Padra Road, Vadodara - 390 020 | Website : [www.dineshmills.com](http://www.dineshmills.com)  
(CIN: L17110GJ1935PLC000494)

**PROXY FORM**

Name of Member(s): \_\_\_\_\_

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

Email ID: \_\_\_\_\_

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

I/We, being a Member /Members of Shri Dinesh Mills Limited hereby appoint:

1. Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
2. Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_ or failing him
3. Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature \_\_\_\_\_

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 84th Annual General Meeting of the Company, to be held on Thursday, the 26th September, 2019 at 11.00 A.M. at the Registered Office of the Company and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Resolutions	Optional *	
		For	Against
<b>Ordinary Business:</b>	<b>Ordinary Resolutions:</b>		
1	Adoption of Audited Financial Statement		
2	Declaration of Dividend on Equity Shares		
3	Re-appointment of Shri J. B. Sojitra as Director		
4	Appointment of Statutory Auditors		
<b>Special Business:</b>	<b>Special Resolutions:</b>		
5	Reappointment of Shri T. M. Patel as an Independent Director		
6	Reappointment of Shri Rakesh Agrawal as an Independent Director		
7	Disposal of immovable properties of the Company situated at its Ankleshwar unit		

Signed this on \_\_\_\_\_ day of \_\_\_\_\_ 2019

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

Signature of Proxy Holder(s): \_\_\_\_\_

**Notes:**

1. The Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Annual General Meeting.
2. For this Resolution and explanatory statement and notes, please refer to the Notice of the 84th Annual General Meeting.
- \*3. It is optional to put a 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'for' or 'against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of manner(s) in above box before submission.

Affix 1  
Rupee  
Revenue  
Stamp