



DONEAR INDUSTRIES LTD.





अतुलितबलधामं हेमशैलाभदेहं दनुजवनकृशानुं ज्ञानिनामग्रगण्यम् ।
सकलगुणनिधानं वानराणामधीशं रघुपतिप्रियभक्तं वातजातं नमामि ॥



वक्रतुंड महाकाय सूर्यकोटि समप्रभः ।
निर्विघ्नं कुरु मे देव सर्वकार्येषु सर्वदा ॥





SUITINGS • SHIRTINGS • COTTONS • APPARELS

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27th Annual General Meeting
 on Saturday
 28th September, 2013, at 11.30 a.m.
 at
 Donear House Plot No . A 49/50
 Marol Industrial Area MIDC Andheri (East)
 Mumbai - 400 059.

**Shareholders are requested to bring
 with them the Attendance Slip on Page 61
 and their copy of the Balance Sheet**

CORPORATE INFORMATION

DIRECTORS

Shri Vishwanath L. Agarwal – (Chairman)	Dr. Ramesh D. Tainwala
Shri Rajendra V. Agarwal – (Managing Director)	Shri Durga Prasad C. Agarwal
Shri Ajay.V. Agarwal – (Whole Time Director)	Shri Santkumar B. Agarwal

COMPANY SECRETARY

Shri Sreedhar H.

AUDITORS

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

BANKERS

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

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

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

REGISTERED OFFICE

210, Key Tuo Industrial Estate,
Kondivita Lane, Near M.I.D.C.,
Andheri (E), Mumbai – 400 059

WORKS

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

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

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

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

Umbergaon Unit
G.I.D.C., Umbergaon,
Dist. Valsad (Gujarat)

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the members of DONEAR INDUSTRIES LIMITED will be held at Donear House, Plot No. A-49/50, Marol Industrial Area, MIDC, Andheri (East), Mumbai – 400 059 on 28th September, 2013, at 11.30 am to transact the following business

Ordinary business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013 and Profit and Loss account for the year ended on that date together with Directors and Auditors Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Vishwanath L. Agarwal who retires by rotation and being eligible offers himself for reappointment
4. To appoint a Director in place of Dr. Ramesh D. Tainwala who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration

Item No. 6

To Consider and if thought fit to pass with or without modification/s the following resolution as an Ordinary resolution.

“RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act.1956 (including any statutory modification/s or reenactment/s thereof, for the time being in force) and / or all the guidelines for management remuneration issued by the Central Government from time to time, the consent of the Company be and is hereby accorded to the reappointment of Shri. Rajendra V. Agarwal, Managing Director of the Company for a period of 5 (Five) years with effect from 1st April, 2013 to 31st March, 2018 on the terms and conditions including remuneration as set out in the explanatory statement annexed to the notice convening the meeting, with the liberty to the Directors (hereinafter referred to as “the Board”) which term shall be deemed to include the Remuneration Committee constituted by the Board to alter or vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Rajendra Agarwal”.

Item No. 7

To Consider and if thought fit to pass with or without modification/s the following resolution as an Ordinary resolution..

“RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act.1956 (including any statutory modification/s or reenactment/s thereof, for the time being in force) and / or all the guidelines for management remuneration issued by the Central Government from time to time, the consent of the Company be and is hereby accorded to the reappointment of Shri. Ajay V. Agarwal, Whole Time Director of the Company for a period of 5 (Five) years with effect from 1st July, 2013 to 30th June, 2018 on the terms and conditions including remuneration as are set out in the explanatory statement annexed to the notice convening the meeting, with the liberty to the Directors (hereinafter referred to as “the Board”) which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter or vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Ajay V. Agarwal”.

Explanatory Statement pursuant to Sec.173 (2) of the Companies Act, 1956

Item No. 6

The Board of Directors has reappointed Mr. Rajendra V. Agarwal as a Managing Director for a period of five years with effect from 1st April, 2013 to 31st March, 2018 at the Board Meeting held on 30th May, 2013 on the following terms and conditions.

i) Salary: Rs.3,00,000 per month in the pay scale of Rs. 3,00,000 to Rs.4,00,000.

ii) Perquisite : Perquisites will be allowed in addition to salary and shall be restricted to an amount equal to annual salary.

1. Housing:

Housing allowance shall be 60% of the basic salary.

2. Medical Reimbursement:

Expense incurred for self and family subject to ceiling of one month's salary in the year or 3 months salary over a period of 3 years.

3. Leave Travel Concession:

For self and family once in a year incurred in accordance with the rules of the Company.

4. Club Fees :

Fees for club subject to a maximum for two clubs. This will not include admission and life membership fees.

5. Personal Accident Insurance:

Premium not to exceed Rs. 10,000/- per annum.

6. Provident Fund and Super Annuation:

Contribution to Provident Fund, Super Annuation fund or Annuity fund will not be included in the computation of the ceiling on perquisite to the extent these singly or put together shall not be taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month salary of each completed year of service to an amount not exceeding the amount of exemption mentioned under the provisions of IncomeTax Act, 1961 or rules made thereunder.

7. Encashment of Leave :

Encashment of Leave at the end of the tenure will not be included on the computation of the ceiling on perquisites.

8. Other Benefits :

The Company shall provide car with driver and also telephone at residence. Provisions of car for Company business and telephone at residence will not be considered as perquisites.

a. Subject to the supervision and control of the Board of Directors day to day activities of the Company shall be in the hands of Managing Director.

- b. The Managing Director shall also perform such other duties and services and exercise such power as shall from time to time be entrusted to him by the Board of Directors. The Managing Director undertakes to the best of his skill and abilities to promote the interest and welfare of the Company and to conform to and comply with the directions and regulations of the Company and all such order, directions as may from time to time be given by the board of directors.
- c. The Managing Director shall not at any time hereinafter without the consent in writing of the Company except under legal process divulge or make public any of the secrets of the dealing of the Company which ought not be disclosed or made public.
- d. The Managing Director shall be true and faithful to the Company in all his account of business dealings, transactions whatsoever and at all times when required render true and correct account thereof to the Company or to such persons as shall be authorized to receive them.
- e. The Managing Director shall be entitled to such leave as the exigencies of the business shall permit and as may be mutually agreed. It is however expressly provided that the Managing Director shall be entitled to one month leave for every 11 months of service completed by him under the agreement.
- f. The Managing Director is not entitled to sitting fees for attending the meetings of the Board of Directors or of a Committee thereof.
- g. The appointment may be terminated by either party by giving to the other party three months notice of such termination or such lesser period as may be mutually agreed.

In case of no profit or inadequate profit the above remuneration shall be paid as minimum remuneration

Mr. Rajendra V. Agarwal is holding 3846000 equity shares of Rs. 2/- each in the Company

The board recommends the above resolution as shown in Item no.6 of the notice for approval of the members

Except Mr. Vishwanath L. Agarwal , Mr. Rajendra V. Agarwal and Mr. Ajay V. Agarwal none of the directors is interested/ concerned in the above resolution.

Item No. 7

The Board of Directors has reappointed Mr. Ajay V. Agarwal as a Whole Time Director for a period of five years with effect from 1st July, 2013 to 30th June, 2018 at the Board Meeting held on 30th May, 2013 on the following terms and conditions.

- i) Salary: Rs.1,00,000 per month in the pay scale of Rs. 1,00,000 to Rs. 2,00,000.
- ii) Perquisite : Perquisites will be allowed in addition to salary and shall be restricted to an amount equal to annual salary.

1. Housing:

Housing allowance shall be 60% of the basic salary.

2. Medical Reimbursement:

Expense incurred for self and family subject to ceiling of one month's salary in the year or 3 months salary over a period of 3 years.

3. Leave Travel Concession:

For self and family once in a year incurred in accordance with the rules of the company.

4. Club Fees :

Fees for club subject to a maximum for two clubs. This will not include admission and life membership fees.

5. Personal Accident Insurance:

Premium not to exceed Rs. 10,000/- per annum.

6. Provident Fund / Super Annuation :

Contribution to Provident Fund, Super Annuation fund or Annuity fund will not be included in the computation of the ceiling on perquisites to the extent these singly or put together shall not be taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month salary of each completed year of service to an amount not exceeding the amount of exemption mentioned under the provisions of Income Tax Act, 1961 or rules made there under.

7. Encashment of Leave:

Encashment of Leave at the end of the tenure will not be included on the computation of the ceiling on perquisites.

8. Other Benefits :

The Company shall provide a car with driver and also telephone at residence. Provisions of car for Company's business and telephone at residence will not be considered as perquisites.

- a. The Whole Time Director shall perform such other duties and services and exercise such power as shall from time to time be entrusted to him by the Board of Directors. The Whole Time Director undertakes to the best of his skill and abilities to promote the interest and welfare of the company and to conform to and comply with the directions and regulations of the Company and all such order, directions as may from time to time be given by the board of directors.
- b. The Whole Time Director shall not at any time hereinafter without the consent in writing of the company except under legal process divulge or make public any of the secrets of the dealing of the company which ought not be disclosed or make public.
- c. The Whole Time Director shall be true and faithful to the Company in all his account of business dealings, transactions whatsoever and at all time when required render true and correct account thereof to the company or to such persons as shall be authorized to receive them.
- d. The Whole Time Director shall be entitled to such leave as the exigencies of the business shall permit and as may be mutually agreed. It is however expressly provided that the Whole Time Director shall be entitled to one month leave for every 11 months of service completed by him under the agreement.
- e. The Whole Time Director is not entitled to sitting fees for attending the meetings of the Board of Directors or of a Committee thereof.
- f. The appointment may be terminated by either party by giving to the other party three months notice of such termination or such lesser period as may be mutually agreed.

In case of no profit or inadequate profit the above remuneration shall be paid as minimum remuneration

The board recommends the above resolution as shown in Item no.6 of the notice for approval of the members

Mr. Ajay V. Agarwal is holding 3729500 equity shares of Rs. 2/- each in the company.

Except Mr. Vishwanath L. Agarwal , Mr. Rajendra V. Agarwal and Mr. Ajay V. Agarwal none of the directors is interested/ concerned in the above resolution.

Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy should be deposited with the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. Members are requested to intimate any change in their address to the Registrar and Transfer Agents of the Company at the following address :

LINK INTIME INDIA PVT LTD
C-13, PANNALAL SILK MILLS COMPOUND
LBS MARG, BHANDUP (W)
MUMBAI – 400 078

4. The Register of members and share Transfer Register will remain closed from **23.09.2013 to 28.09.2013** (both days inclusive).
5. Dividend, if declared, will be payable to those members whose names appear on the Register of members of the company on 23rd September, 2013. In respect of shares held in Electronic form the dividend will be paid to the beneficial owners as per details furnished by the depositories for this purpose.
6. Shareholders are requested to inform their Bank Account Numbers, name and address of the Bank/ Branch so that the same can be incorporated with their names in dividend warrants to avoid fraudulent encashment.
7. Members who hold shares in dematerialized form are requested to bring their ID & DPID numbers for easy identification of attendance at the meeting.
8. Shareholders seeking any information with regards to audited accounts are requested to write to the Company at least 10 days in advance so as to keep the information ready.
9. Members may note that the company has to transfer the dividends which remain unclaimed/unencashed over a period of 7 years to the Government U/S 205(a) and 205(c) of the Companies Act, 1956. The details of dividend paid by the Company and respective due dates of transfer to the said Fund of the Central Governments, which remain unencashed are as under:

Date of Declaration	Dividend for the year	Due date for transfer to the Government
08-07-2006	2005-2006	8th August, 2013
14-09-2007	2006-2007	14th October, 2014
27-09-2008	2007-2008	27th October, 2015
26-09-2009	2008-2009	26th October, 2016
25-09-2010	2009-2010	25th October, 2017
24-09-2011	2010-2011	24th October, 2018
22-09-2012	2011-2012	23rd October, 2019

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

10. Re-appointment of Directors :

Mr. Vishwanath L. Agarwal and Dr. Ramesh D. Tainwala retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for appointment. The information/details pertaining to the Directors in terms of clause 49 of the Listing Agreement with the Stock Exchanges are furnished as Annexure to the Notice.

Annexure to item nos. 3 & 4 of the Notice

Details of Directors seeking reappointment at the forthcoming Annual General Meeting on 28th September, 2013 (in terms of Clause 49 of the Listing Agreement with Stock Exchanges)

(i)	Name of the Directors	Mr. Vishwanath L. Agarwal	Dr. Ramesh D. Tainwala
(ii)	Date of Birth	13-07-1938	08-05-1959
(iii)	Date of appointment	01-01-1990	20-04-1990
(iv)	Experience in Specific Area	Production, Marketing and administration	Finance, Marketing, Production and administration
(v)	List of other companies in which directorships held as on 31-03-2013 (excluding directorships in private / foreign companies and companies incorporated u/s 25 of the Companies Act, 1956)	Donear Synthetics Ltd.	Concept Reality and Securities Ltd Basant Agrotech India Ltd.

By order of the Board of Directors of

For Donear Industries Ltd

Sreedhar H

Company Secretary

DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS

To,
The Members
DONEAR INDUSTRIES LIMITED

The Directors have pleasure in presenting their TWENTY SEVENTH ANNUAL REPORT together with the Audited Statement of Accounts for the year ended on 31st March, 2013.

1. FINANCIAL RESULTS :

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

Particulars	Year 2012-13	Year 2011-12
	₹	₹
Gross Revenue	4,08,94,62,989	3,83,40,45,116
Net Profit for the Year	60,34,975	5,05,419
Add: Balance Brought Forward	18,21,67,673	17,56,18,685
Less: Proposed Final Dividen	1,04,00,000	1,04,00,000
Less : Dividend Distribution Tax	17,67,480	16,87,140
Amount Transferred to General Reserve	Nil	Nil
Balance Carried forward	17,60,35,168	18,21,67,673

2. DIVIDEND :

The Directors have pleasure in recommending dividend @ Re 0.20 per share for the Financial Year 2012-2013. The dividend will absorb Rs. 1,21,67,480/- including corporate tax on dividend amounting to Rs.17,67,480/-.

3. MANAGEMENT DISCUSSION AND ANALYSIS :

(a) Industrial Structure and developments :

The textile industry is the largest industry of modern India. It accounts for over 20 percent of industrial production and is closely linked with the agricultural and rural economy. It is the single largest employer in the industrial sector employing about 38 million people. The net foreign exchange earnings in this sector are one of the highest and account for about 25 percent of India's total forex earnings.

The structure of the textile industry is extremely complex with the modern, sophisticated and highly mechanised mill sector on the one hand and the handspinning and handweaving (handloom) sector on the other. Between the two falls the small-scale powerloom sector. The latter two are together known as the decentralised sector. Over the years, the government has granted a whole range of concessions to the non-mill sector as a result of which the share of the decentralised sector has increased considerably in the total production.

In the current economic Scenario, the overall performance of the Company was in tandem as per the performance of the overall textile industry.

(b) Opportunities and Threats

The Textile industry poses advantages of low-cost skilled labour, availability of raw materials, high operational efficiencies with great designing and product development capabilities.

The increased disposable income of the people on the domestic front has widened the markets for textile industry. This coupled with the emerging mall culture and retail expansion has proved to be a great opportunity for the Industry.

There is a propensity towards sourcing from low-cost countries in the neighbourhood as also a growth of offshore processing by manufacturers in developed countries. Regional integration reinforces this.

Further exporters in India fear that cheap imports could lead to dumping of low-cost fabrics from China and other Southeast Asian countries. Thus, the industry needs restructuring on all fronts.

(c) Segment wise or Product wise performance

The Company has one reportable segment i.e. Textiles (Manufacture of Man made Fabrics).

(d) Outlook

Expectations are high, prospects are bright, but capitalising on the new emerging opportunities will be a challenge for Textile companies.

Some prerequisites to be included in the globally competing textile industry are:

- Imbibing global best practices
- Adopting rapidly changing technologies and efficient processes
- Innovation
- Networking and better supply chain management
- Ability to link up to global value chains.

The Indian textiles industry has established its supremacy in cotton based products, especially in the readymade garments and home furnishings segment. These two segments will be the key drivers of growth for Indian textiles. The readymade garment segment will be the principal driver of growth even in the domestic industry. The changing preferences of Indian consumers-- from buying cloth to readymade garments -- have prompted several companies to move up the value chain into the Garments segment.

(e) Risks and Concern

The Company has to be competitive and innovative in designing and product development to maintain its position in the Industry.

(f) Internal Control System and its adequacy.

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

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

The company reported a turnover of Rs.40085.77 Lacs during the year 2012-13 against a turnover of Rs. 37713.26 Lacs in the previous year. The operations at Surat facility has stabilised and the cotton fabrics business has done well in the year 2012-13.

(h) Modernisation & Capital Expansion Projects:

The Company is planning to do expansion in the weaving and processing facilities. The Company is also planning to enhance the weaving capacity.

(i) Human Resource Management

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

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

4. DIRECTORS:

Mr. Vishwanath L Agarwal and Dr. Ramesh D Tainwala retire by rotation, and, being eligible, offer themselves for reappointment. Details of Directors seeking reappointment is provided in the Notice convening the Annual General Meeting pursuant to clause 49 of the Listing Agreement with Stock Exchange.

5. RE-APPOINTMENT OF MANAGING DIRECTOR AND WHOLE TIME DIRECTOR:

The term of office of Mr. Rajendra V Agarwal and Mr. Ajay V Agarwal expired as Managing Director and Wholetime Director on 31.3.2013 and 30.06.2013 respectively. The board has reappointed Mr. Rajendra V Agarwal and Mr. Ajay V Agarwal as Managing Director and Wholetime Director respectively subject to the approval of the members at the ensuing Annual General Meeting.

6. AUDITORS:

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

7. COST AUDITORS:

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

8. DIRECTORS' RESPONSIBILITY STATEMENT:

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

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

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

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

10. PARTICULARS OF EMPLOYEES :

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

11. CAUTIONARY STATEMENT :

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

12. CORPORATE GOVERNANCE :

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

13. ACKNOWLEDGMENT :

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

For and on behalf of the Board
Donear Industries Limited

(VISHWANATH L. AGARWAL)
CHAIRMAN

Place : Mumbai
Date : 30th May, 2013

ANNEXURE “1” TO THE DIRECTOR’S REPORT

Information U/s 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 for the year ended 31st March, 2013.

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

A. Conservation of Energy :

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

B. Technology absorption:

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

(a)	Activities relating to exports, initiatives taken to increase exports, development of new export markets for production and services and export plans.	The Company is regularly developing new designer suiting and shirting fabrics as per latest trends in markets to export all over the world especially to the new markets. The Company has also taken initiative in exporting cotton fabrics.	
(b)	Total foreign exchange used and earned	Used :	
		C.I.F. value of imports	Rs. 54,542,961
		Expenses in foreign currency	Rs. 36,658,995
		Earned :	
		FOB	Rs.291,639,467

FORM - A

Form for Disclosure of Particulars with respect to Conservation of Energy

A) Power and fuel consumption

Sr.No	Particulars	Current Year	Previous Year
1.	Electricity		
	a) Purchased Units		
	Total amount	17,535,559	11,242,313
	Rate/Unit ₹	106,915,433	64,765,205
		6.10	5.76
	b) Own generation		
	i) Through diesel generator		
	Unit	99,849	126,867
	Units per Liters of diesel oil	3.06	3.11
	Cost/Unit ₹	15.42	13.67
	ii) Through steam turbine/generator		
	Unit	Nil	Nil
	Units per Ltr. of diesel oil/gas	Nil	Nil
	Cost/Unit ₹	Nil	Nil
	iii) Through Gas Generator :		
	Units	7,715,315	12,636,350
	Units per CM3 of Gas	3.28	3.68
	Cost/Unit ₹	8.96	6.10
2.	Coal (specify quality and where used)		
	Quantity (Tones)	19563.36	18,789.60
	Total Cost ₹	67,410,031	63,555,653
	Average Rate per Ton ₹	3,446	3,383
	(Imported and Lignite used in Boiler for Steam Generation)		
3.	Furnace Oil		
	Quantity (Tones)	Nil	Nil
	Total Cost ₹	Nil	Nil
	Average Rate per Ton ₹	Nil	Nil
4.	Others/internal generation (please give details)		
	Quantity (Tones)	Nil	Nil
	Total Cost ₹	Nil	Nil
	Average Rate per Ton ₹	Nil	Nil

B) Consumption per Unit of Production:

Sr.No	Products	Unit	Standard (If Any)	Current Year	Previous Year
1	Fabrics Produced	Metre	-----	24,198,468	21,271,499
	Electricity consumed for Fabrics	Units	-----	16,866,158	15,051,100
	Electricity Consumed for Fabrics	Unit/Mtr	-----	0.70	0.71
2	Yarn Dyeing Production Kgs	Kgs	-----	2,373,107	1,100,741
	Electricity consumed for yarn dyeing	Units	-----	2,915,508	2,437,441
	Electricity consumed for yarn dyeing	Unit/Kg	-----	1.23	2.21
3	Fabric Processing Production	Metre	-----	35,622,106	30,999,441
	Electricity consumed for Fabric processing	Units	-----	5,569,056	6,516,989
	Electricity consumed for Fabric processing	Unit/Mtr	-----	0.16	0.21
4	Furnace Oil	-----	-----	Nil	Nil
5	Coal	-----	-----	Nil	Nil
6	Others	-----	-----	Nil	Nil

FORM - B**Form for disclosure of particulars with respect to absorption****A) Research and Development (R & D)**

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

B) Technology absorption, adaptation and innovation

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

CORPORATE GOVERNANCE FOR THE YEAR 2012-2013

1. Corporate Governance :

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

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

Transparency, fairness, disclosure and accountability are central to the working of the Company and its Board of Directors. The Company has always been guided by conviction of adhering to transparency, accountability and integrity. The Company believes and acknowledges individual and collective responsibilities to manage the business activities with integrity.

The Company lays great emphasis on regulatory compliances and strives to ensure that high standard of professionalism and ethical conducts are maintained throughout the organization. The Board undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair-play and independence in its decision making.

3. Code of Conduct:

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

4. Board of Directors:

(i) Composition and size of the Board

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

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

(ii) Meeting of the Board :

During the financial year 2012-13, the Board met 5 times on 30th May 2012, 14th August, 2012, 4th October, 2012, 12th November, 2012, 14th February, 2013 respectively. The gap between any two meetings was lesser than 4 months.

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

minutes, in consultation with the Chairman & Managing Director. The minutes are approved by the Members of the Board at the next Meeting. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary.

As per Clause 49 of the Listing Agreement none of the Directors on the Board of the Company is a member in more than 10 or Chairman of more than 5 specified committees of the Board across all the companies in which he is a Director. The necessary disclosure regarding Directorship and Committee positions have been made by the Directors who are on the Board of the Company as on March 31, 2013. The composition of Board of Directors, attendance at the Board Meetings during the financial year and attendance at the last Annual General Meeting and number of outside Directorships, Chairman/Membership of Committees held by them are as under:

Name of the Director	Director Identification No.	Category	Relationship Other Directors	No. of Board Meetings attended	Last AGM attendance	No. of Directorships	Chairmanship/ Membership of Board Committees
Mr. Vishwanath L Agarwal	00223140	Promoter & Non Executive Director	Father of Mr. Rajendra Agarwal & Mr. Ajay Agarwal	5	Yes	1	Nil
Mr. Rajendra V. Agarwal	00227233	Promoter & Executive Director	Son of Mr. Vishwanath Agarwal & Brother Of Mr. Ajay Agarwal	5	Yes	1	Nil
Mr. Ajay V Agarwal	00227279	Promoter & Executive Director	Son of Mr. Vishwanath Agarwal & Brother Of Mr. Rajendra Agarwal	5	Yes	Nil	Nil
Dr. Ramesh D Tainwala	00234109	Independent & Non Executive Director	None	4	No	2	Nil
Mr. Durgaprasad C Agarwal	00284675	Independent & Non Executive Director	None	5	No	1	Nil
Mr. Sant Kumar B Agarwal	00153607	Independent & Non Executive Director	None	4	No	Nil	Nil

Note:

Number of Directorship/Memberships held in other Companies excludes Directorship/Member in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

* Includes only Audit & Shareholder's Grievance Committee

(iii) Information to the Board:

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

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

5. Appointment/Reappointment of Directors:

Mr. Vishwanath L Agarwal and Dr. Ramesh D Tainwala retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

Mr. Vishwanath L Agarwal holds 2434198 equity shares in the Company. Mr. Vishwanath L Agarwal is Promoter Director and has vast experience in production, finance and marketing.

Dr Ramesh D Tainwala has a vast experience in fields like Finance, Administration, and Marketing etc. Dr.Ramesh D Tainwala is a Management Graduate from Birla Institute of Technological Services, Pilani and Doctorate in Business Administration from Union Institute (CINCINATI, USA).Dr Ramesh D Tainwala holds Nil Shares in the Company.

6. Board Committee

The Board constitutes the following Committees of Directors :

- Audit Committee
- Shareholders' Grievance Committee
- Remuneration / Compensation Committee

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

(i) Audit Committee:

(A) Composition

The Audit Committee comprises 3 members and all of them are independent Directors. .

(B) Attendance at the Audit Committee Meeting:

During the financial year 2012-13, the Committee met 4 times on 30th May 2012, 14th August, 2012, 12th November, 2012, and 14th February, 2013 respectively. The attendance of Members at the Meetings was as follows :

Name	Designation	Category	Attendance out of 4 meeting held
Mr. Durga Prasad Agarwal	Chairman	Independent	4
Mr. Sant Kumar Agarwal	Member	Independent	4
Dr. Ramesh D Tainwala	Member	Independent	4

The Board has designated Company Secretary to act as Secretary of the Audit Committee.

(C) Power of Audit Committee:

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

(D) Role of Audit Committee :

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

(ii) Shareholders' Grievance Committee:

(A) Terms of reference:

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

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

(B) Meeting :

During the financial year there was no Shareholders Grievance Committee Meeting.

The Shareholders Grievance Committee comprises 3 members and all of them are independent Directors. .

Name	Designation
Mr. Durga Prasad Agarwal	Chairman
Mr. Sant Kumar Agarwal	Member
Dr. Ramesh D Tainwala	Member

Company Secretary has been designated as Compliance Officer.

(C) Number of Complaints:

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

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI/Stock Exchange	Nil	Nil	Nil	Nil
Shareholders-non receipt of Annual Report Queries	Nil	4	4	Nil
Dividend	Nil	3	2	1

(iii) Remuneration / Compensation Committee:

(A) Composition

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

- (a) Mr. Durga Prasad Agarwal - Chairman
- (b) Mr. Sant Kumar Agarwal - Member
- (c) Dr. Ramesh D Tainwala - Member

(B) Meetings

During the Financial year 2012-2013 no Meeting was held.

7. Remuneration paid to Directors:

Directors	Salary(including performance Incentive, if any and other allowance)	Contribution to P.F. and Gratuity	Sitting Fees	Insurance	Total
	₹	₹	₹	₹	₹
Mr. Vishwanath L Agarwal	-	-	7,000	-	7,000
Mr.Rajendra V Agarwal	2,400,000	403,385	-	43,543	2,846,928
Mr. Ajay V Agarwal	900,000	151,269	-	35,649	1,086,918
Dr. Ramesh D Tainwala	-	-	12,000	-	12,000
Mr.Durgaprasad C Agarwal	-	-	15,000	-	15,000
Mr. Sant Kumar B Agarwal	-	-	14,000	-	14,000

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

Financial Year	Date & Time	Venue	Special Resolution passed
2009-10	25-09-2010 11:30 am	Hotel Kohinoor Continental, J.B Nagar, Andheri Kurla Road, Andheri (E), Mumbai- 400 049.	Pursuant to Sec. 198, 269 and 309 read with Schedule XIII of the Companies Act, 1956 appointment of Mr. Rajendra V. Agarwal as Managing Director of the Company.
2010-11	24-09-2011 11:30 am	Hotel Kohinoor Continental, J.B Nagar, Andheri Kurla Road, Andheri (E), Mumbai- 400 049.	Nil
2011-12	22-09-2012 11:30 am	Hotel Kohinoor Continental, J.B Nagar, Andheri Kurla Road, Andheri (E), Mumbai- 400 049.	Nil

No resolution passed through postal ballot during the Financial Year 2012-13

9. Disclosures:

- There were no transactions of material nature with its Promoters, Directors or the Management, their subsidiaries or relatives during the period that may have potential conflict with the interest of the company at large.
- Transactions with related parties are disclosed in Note No. 29 in the notes to the accounts in the Annual Report as required by Accounting Standards under AS 18 issued by Institute of Chartered Accountants of India. The Audit Committee had reviewed the related party transactions as a mandatory requirement under clause 49 of the Listing Agreement and found them to be not materially significant.

- There were no non-compliances by the Company during the year. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities on any matters related to the capital markets, during the previous three financial years.
- The Board has adopted a Code of Conduct including Business Ethics Policy for its Directors and Senior Management. This is available on the Company's web-site.
- The Managing Director has submitted before the Board a declaration of compliance with the Code of Conduct by the Directors during the financial year ended March 31, 2013.
- No presentation was made / displayed in newspaper or website.
- The Company follows the Accounting Standards as prescribed in Companies Accounting Standards Rules 2006 and in the preparation of the financial statement; the Company has not adopted a treatment different from that prescribed by any Accounting Standard.
- Risk assessment and minimization procedures are periodically reviewed by the Audit Committee and the Board of Directors of the Company.
- The Chief Executive Officer and the Chief Financial Officer have certified to the Board of Directors as per the format prescribed in compliance Clause 49(V) of the Listing Agreement with the Stock Exchanges. This has been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company.
- The Company has complied with all mandatory requirements under Clause 49 of the Listing Agreement with the Stock Exchanges. The adoption of non-mandatory requirements has been dealt with in this Report.

10. Means of Communication:

Sl. No	Particulars	Newspaper	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1	English Newspapers in which quarterly results were published / to be published	Free Press Journal (Mumbai edition)	15-08-2012	13-11-2012	15-02-2013	01-06-2013
2	Vernacular Newspapers in which quarterly results were published / to be published	Navshakti	15-08-2012	13-11-2012	15-02-2013	01-06-2013

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

11. General Shareholders Information:

Sl. No.	Particulars	Details		
1	Annual General Meeting	Date : 28-09-2013 Time : 11:30 am Venue : Donear House Plot No .A-49/50, Marol Industrial Area, MIDC Andheri (E), Mumbai- 400 059.		
2	Financial Calendar (Tentative)	Financials for Quarter ending	Financial Reporting Date	
		June 30, 2013	Second week of August, 2013	
		September 30, 2013	Second week of November, 2013	
		December 31, 2013	Second week of February, 2014	
		March 31, 2014	Last week of May 2014	
		Annual General Meeting for the year ended March. 31, 2014	August-September, 2014	
3	Date of Book Closure	23rd September, 2013 to 28th September, 2013 (both days inclusive)		
4	Dividend Payment Date	Within 30 Days from the date of AGM		
5	Listing on Stock Exchanges	Name & Address of Stock Exchange Ltd	Stock Code	Demat ISIN for NSDL & CDSL
		Bombay Stock Exchange Ltd (BSE)	512519	INE 668D01028
		National Stock Exchange of India Ltd (NSE)	DONEAREQ	INE 668D01028
6	Payment of Annual Listing fees	Listing fees for the financial year 2013-2014 has been paid to both the Stock Exchanges BSE & NSE		
7	Registrars & Transfer Agents	Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, L B S Marg,Bhandup (West), Mumbai – 400 078		
	Contact person Contact No Email Id.	Mr. Rajesh Mishra 25963838. Extn. 2297 Fax. : 25956969 rajesh.mishra@linkintime.co.in		
8	Custodial Fees to Depositories	The Company has paid custodial fees for the year 2013-14 to NSDL and CDSL.		
9	Address for correspondence	Donear Industries Limited 210, Key Tuo Industrial Estate, Kondivita Lane, Near MIDC, Andheri (East), Mumbai- 400059		
10	For any assistance	Regarding dematerialization of shares, share transfers, transmissions, change of address, non receipt of dividend or annual report or any other query relating to shares be addressed to		
		Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078.		
		Phone: 022 25963838, Fax: 022 25946969		
		(Email Id : rajesh.mishra@linkintime.co.in)		

12. Share Transfer System:

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

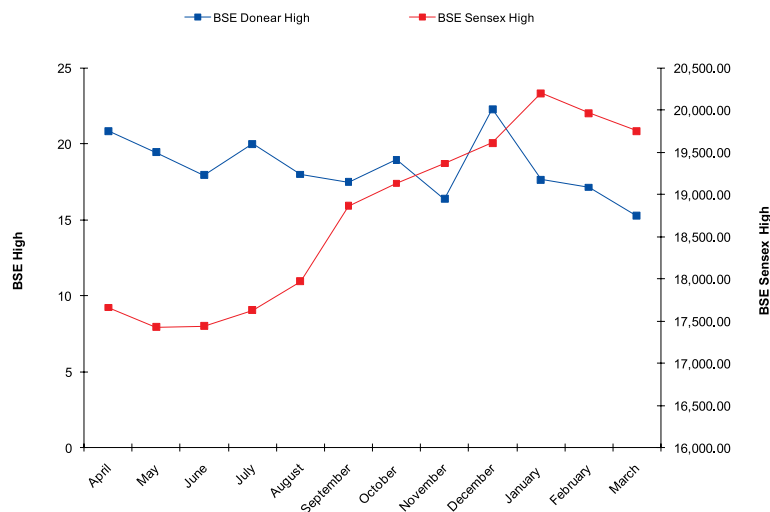
Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt.

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

13. Stock performance vs BSE Sensex and NSE:

Market Price Data during the year ended 31.03.2013

Month	BSE		BSE Sensex (High)	NSE	
	High	Low		High	Low
Apr-2012	20.85	17.60	17,664.10	20.60	17.30
May-2012	19.45	16.50	17,432.33	18.95	16.00
June-2012	17.95	16.00	17,448.48	19.40	15.15
July-2012	20.00	16.05	17,631.19	19.80	16.10
Aug-2012	18.00	14.65	17,972.54	18.35	14.35
Sept-2012	17.50	14.00	18,869.94	16.50	14.00
Oct-2012	18.95	14.50	19,137.29	17.55	14.80
Nov-2012	16.40	13.50	19,372.70	15.75	12.45
Dec-2012	22.30	13.75	19,612.18	23.85	14.40
Jan-2013	17.65	15.70	20,203.66	17.70	15.75
Feb-2013	17.15	13.80	19,966.69	17.20	13.75
Mar-2013	15.26	11.66	19,754.66	15.35	11.50



14. Shareholding Pattern as on 31-03-2013

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group			
(1)	Indian			
	(a) Individuals/ Hindu Undivided Family	12	30744198	59.12
	(b) Bodies Corporate	6	8254000	15.87
	Sub Total	18	38998198	75.00
(2)	Foreign			
	(a) Directors & their relatives	Nil	Nil	Nil
	Sub Total	Nil	Nil	Nil
Total Shareholding of Promoter and Promoter Group (A)		18	38998198	75.00
(B)	Public shareholding			
(1)	Foreign Institutions investors	5	8060074	15.50
	(a) Mutual Fund	1	172903	0.33
	Sub-Total	6	8232977	15.83
(2)	Non-institutions			
	(a) Bodies Corporate	144	368001	0.71
	(b) Individuals			
	(i) Individual shareholders holding nominal share capital up to Rs 1 lakh	4716	2924049	5.62
	(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	12	1315277	2.53
	(c) Any Other (specify)			
	(i) Clearing Members	Nil	Nil	Nil
	(ii) Trusts	Nil	Nil	Nil
	(iii) Escrow Account	Nil	Nil	Nil
	(iv) Non Resident Indians (Repat)	36	22219	0.04
	(v) Non Resident Indians (Non-Repat)	10	3795	0.01
	(vi) Clearing Members	43	135484	0.26
	(vii) Hindu Undivided Family	Nil	Nil	Nil
	Sub-Total	4961	4768825	9.17
Total Public Shareholding (B)		4967	13001802	25.00
Grand Total (A)+(B)		4985	52000000	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	51933919	99.87

15. Distribution of Shareholding as on 31-03-2013:

No. of equity shares held	No. of shareholders	% of shareholder	Total no. of shares held	% of shares held
1 - 500	3931	78.8566	593746	1.1418
501 - 1000	459	9.2076	384652	0.7397
1001 - 2000	257	5.1555	410701	0.7898
2001 - 3000	94	1.8857	238912	0.4594
3001 - 4000	44	0.8826	154689	0.2975
4001 - 5000	48	0.9629	226767	0.4361
5001 - 10000	69	1.3842	497163	0.9561
10001 and above	83	1.6650	49493370	95.1796
Total	4985	100.00	52000000	100.0000

16. Transfer of Unclaimed Dividend into the Investors Education and Protection Fund

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

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

Financial Year	Date of Declaration	Due for Transfer to IEPF
2005-06	08/07/2006	08/08/2013
2006-07	14/09/2007	14/10/2014
2007-08	27/09/2008	27/10/2015
2008-09	26/09/2009	26/10/2016
2009-10	25/09/2010	25/10/2017
2010-11	24/09/2011	24/10/2018
2011-12	22/09/2012	22/10/2019

Dematerialization of shares :

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

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

	No. of shares	% of total capital
Held in dematerialized form in NSDL	41072277	78.98
Held in dematerialized form in CDSL	10861642	20.89
Physical	66081	0.13
Total	52000000	100.00

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

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

18. Registered Office and Address for Correspondence:

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

Works:

Balaji Fabrics

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

Balaji Textiles

Dockmandi, Village Amli,
Silvassa, Dadra & Nagar Haveli.

Laxmi Fab.

Government Industrial Estate, Masat,
Silvassa, Dadra & Nagar Haveli.

Balaji Industries

Dockmandi, Village Amli,
Silvassa, Dadra & Nagar Haveli.

Umbergaon Unit

G.I.D.C. Umbergaon,
Dist. Valsad (Gujarat).

19. Non-mandatory requirements:

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

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

- 2 **Shareholder Right** – The Company has not sent half yearly financial performance including summary of the significant events to each household of the shareholders, since the results were published in 2 news papers, one in Vernacular and one in English newspaper.
- 3 **Audit Qualifications** – During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.
- 4 **Training of Board Members** – The Board consists of eminent, qualified and well experienced Directors in various fields. Therefore, the training of Board members is not required.

Declaration

Certification for Compliance with Code of Conduct :

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct and Ethics during the financial year ended March 31, 2013.

Place : Mumbai
Date : 30/05/2013

For Donear Industries Limited

Rajendra V Agarwal
Managing Director

Certification by Chief Executive Officer :

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

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

Place : Mumbai
Date : 30/05/2013

For Donear Industries Limited

Rajendra V Agarwal
Managing Director

The above report has been adopted by the Board of Directors at its meeting held on 30th May, 2013.

Place : Mumbai
Date : 30/05/2013

For Donear Industries Limited

Rajendra V Agarwal
Managing Director

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of **DONEAR INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by DONEAR INDUSTRIES LIMITED, for the year ended on 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

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

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

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

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

Ashish Bairagra
Partner
Membership No.109931

Place: Mumbai
Date : 30th May, 2013.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DONEAR INDUSTRIES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of DONEAR INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

1. We draw attention to Note No. 14.1 of the Financial Statement which states about trade receivables of Rs. 2,45,67,007/- which are overdue but no provision for doubtful debts has been made in the accounts as the Management is hopeful of recovery. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

As required by section 227(3) of the Act, we report that:

- (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) in our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- (iii) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts;
- (iv) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For M. L. Bhuwania & Co.

Chartered Accountants

Firm Registration No. 101484W

Ashish Bairagra

Partner

Membership No.109931

Place: Mumbai

Date : 30th May, 2013.

Annexure referred to in paragraph titled as “Report on other legal and regulatory requirements” of Auditor’s report to the members of DONEAR INDUSTRIES LIMITED for the year ended 31st March 2013.

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

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

No. of parties	Total amount of loan taken	Maximum balance outstanding during the year.	Amount outstanding at the end of the year.
15	259,055,997	453,208,347	333,098,512

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.

- (v) (a) According to the information and explanation given to us, we are of the opinion that during the year, the particulars of the contracts/arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) According to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies Act, 1956 and exceeding value of Rupees Five Lacs in respect of any party during the year, except transactions of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, in our opinion, have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
- (vi) The Company has accepted deposits from the public during the year covered by the audit. In our opinion, the company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board, National Company Law Tribunal, Reserve Bank of India or any other court or Tribunal.
- (vii) *The Company does not have any formal internal audit system.*
- (viii) We have broadly reviewed the books of accounts relating to the manufacture of textile (Man Made Fabrics) pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been prepared and maintained. However, we have not made a detailed examination of the records maintained by the company.
- (ix) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty, Cess and other Statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were outstanding at the year end for a period of more than six months from the date they became payable.

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

The disputed amounts that have not been deposited in respect of Income Tax are as under :

Name of the Statute	Nature of Dues	Amount ₹	Period to which it relates	Forum where dispute is pending
Income Tax Act. 1961	Income Tax Dues	21,430,343	2006-2007	Income Tax Appellate Tribunal

- (x) The Company does not have accumulated losses at the end of the financial year March 31, 2013. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2013 and in the immediately preceding financial year ended March 31, 2012.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to banks during the year. The Company has not taken any loans from financial institutions and has not issued debentures during the year.
- (xii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.

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

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

Ashish Bairagra
Partner
Membership No. 109931

Place : Mumbai
Date : 30th May, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

Amount in ₹

Particulars	Note No.	As at 31.03.2013		As at 31.03.2012	
I EQUITY AND LIABILITIES					
(1) Shareholder's fund					
(a) Share Capital	1	104,000,000		104,000,000	
(b) Reserves and Surplus	2	529,195,520	633,195,520	535,328,025	639,328,025
(2) Non-current liabilities					
(a) Long Term Borrowings	3	697,410,648		780,133,165	
(b) Other Long Term Liabilities	4	141,203,837	838,614,485	177,441,277	957,574,442
(3) Current liabilities					
(a) Short Term Borrowings	5	2,122,097,872		1,786,537,436	
(b) Trade Payables	6	243,434,753		163,109,850	
(c) Other Current Liabilities	7	241,471,872		248,179,374	
(d) Short Term Provisions	8	19,772,608	2,626,777,105	17,752,498	2,215,579,158
Total			4,098,587,110		3,812,481,625
II ASSETS					
(1) Non - current assets					
(a) Fixed Assets	9				
(i) Tangible Assets		1,032,214,662		1,129,767,845	
(ii) Intangible Assets		5,622,876		8,988,909	
(iii) Capital Work-inprogress		227,213,820		172,924,496	
(iv) Intangible Assets under development		170,965		-	
		1,265,222,323		1,311,681,250	
(b) Non-current Investment	10	9,840,000		9,950,000	
(c) Deferred Tax Assets	11	88,183,105		78,061,517	
(d) Long Term Loans and Advances	12	89,887,543		104,806,982	1,504,499,749
			1,453,132,971		
(2) Current assets					
(a) Inventories	13	1,486,278,287		1,304,331,230	
(b) Trade Receivables	14	916,463,972		770,443,468	
(c) Cash and Bank Balances	15	44,267,690		47,300,197	
(d) Short Term Loans and Advances	16	66,272,186		59,090,967	
(e) Other Current Assets	17	132,172,004	2,645,454,139	126,816,014	2,307,981,876
Total			4,098,587,110		3,812,481,625
Contingent Liabilities and Commitments	18				
Notes to Accounts	1 to 40				

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

As per our report of attached even date
FOR M. L. BHUWANIA
CHARTERED ACCOUNTANTS
 Firm Registration Number: 101484W

For DONEAR INDUSTRIES LIMITED

ASHISH BAIRAGRA
 Partner
 Membership No.109931

Vishwanath L. Agarwal
 Chairman

Rajendra V. Agarwal
 Managing Director

Place : Mumbai
 Date : 30th May, 2013

Sreedhar H.
 Company secretary

Durga Prasad Agarwal
 Director

Ajay V. Agarwal
 Whole time Director

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013
Amount in ₹

Particulars	Note No.	Yearended 31.03.2013	Yearended 31.03.2012
Revenue from operations	19	4,008,576,904	3,771,326,507
Other income	20	80,886,085	62,718,609
TOTAL REVENUE		4,089,462,989	3,834,045,116
Cost of Materials Consumed	21	1,777,575,053	1,669,210,889
Purchases of Stock-in-Trade	22	240,857,000	307,863,787
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(63,432,268)	(223,312,778)
Employees benefits expense	24	392,293,108	330,358,241
Finance costs	25	287,303,869	229,134,477
Depreciation and Amortisation expense	9	231,093,616	250,792,321
Other expenses	26	1,227,586,372	1,285,931,494
TOTAL EXPENSES		4,093,276,750	3,849,978,431
Profit before exceptional and extraordinary items and tax		(3,813,761)	(15,933,315)
Exceptional items		-	-
Profit before extraordinary items and tax		(3,813,761)	(15,933,315)
Extraordinary items		-	-
Profit before tax		(3,813,761)	(15,933,315)
Less: Tax Expenses			
Current tax		428,000	-
Deferred tax		(10,121,588)	(16,438,733)
MAT credit entitlement		(428,000)	-
Income Tax for earlier years		272,852	-
Profit for the period		6,034,975	505,418
Earning per equity share :	27		
(1) Basic (net of Tax)		0.12	0.01
(2) Diluted (net of Tax)		0.12	0.01
Notes to Accounts	1 to 40		

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

As per our report of attached even date

FOR M. L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS

Firm Registration Number: 101484W

For DONEAR INDUSTRIES LIMITED

ASHISH BAIRAGRA
Partner
Membership No.109931

Vishwanath L. Agarwal
Chairman

Rajendra V. Agarwal
Managing Director

Place : Mumbai
Date : 30th May, 2013

Sreedhar H.
Company secretary

Durga Prasad Agarwal
Director

Ajay V. Agarwal
Whole time Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars		2012-2013	2011-2012
I CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax as per Statement of Profit & Loss		(3,813,761)	(15,933,315)
Adjustment for :			
(a) Depreciation	231,093,616		250,792,321
(b) Interest Expenses	270,463,345		215,879,672
(c) Interest Received	(41,477,751)		(28,603,345)
(d) (Profit) / Loss on sale of fixed assets	(13,813,469)		(6,484,611)
(e) Fixed Assets Written Off	299,093		499,333
(f) Provision no longer required	(912,847)		(6,581,210)
(g) Unrealised Foreign Exchange rate difference(net)	(419,473)		1,382,687
(h) Sundry Balances written off / (back)	(1,235,129)	443,997,385	(5,227,382)
Operating Profit Before Working Capital Changes		440,183,624	405,724,150
Adjustment for :			
(a) Trade and Other Receivables	(138,564,267)		(107,738,337)
(b) Inventories	(181,947,057)		(213,342,556)
(c) Trade and Other Payables	43,913,142	(276,598,182)	(126,109,060)
Cash Generated From Operations		163,585,442	(41,465,803)
(a) Direct Tax Paid		(3,776,379)	(4,694,333)
Net Cash from/(used) Operating Activities	Total (I)	159,809,063	(46,160,136)
II CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Fixed Assets (including Advance for Capital Goods)	(185,816,647)		(146,933,808)
Sale of Investments	110,000		(960,000)
Sale of Fixed Assets	14,696,334		7,850,000
Interest received	35,003,584		30,420,105
Net Cash from/(used) Investing Activities	Total (II)	(136,006,729)	(109,623,703)
III CASH FLOW FROM FINANCING ACTIVITIES			
Net (Decrease) / Increase in Borrowings	252,435,778		388,821,071
Interest Paid	(272,285,170)		(213,577,382)
Dividend Paid (Including dividend distribution tax)	(12,094,364)		(12,090,462)
Net Cash from/(used) Financing Activities	Total (III)	(31,943,756)	163,153,227
Net Increase/(decrease) in Cash and Cash Equivalents (I+II+III)	Total	(8,141,422)	7,369,388
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		37,434,710	30,065,322
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		29,293,288	37,434,710
	Total	(8,141,422)	7,369,388
Notes :			
(1) Cash and cash equivalents include:			
(a) Cash in hand	2,199,778		7,940,228
(b) Cheque in Hand	20,597,855		20,055,954
(c) <u>Balance with Scheduled Banks</u>			
in Current Accounts	5,192,392		4,140,611
in Margin Money Deposits due within 90 days (Refer Note No 15.2)	1,309,908	29,299,933	5,325,052
(d) Unrealised translation gain/(loss)		(6,645)	(27,135)
	Total	29,293,288	37,434,710

(2) Interest received on delayed payments from Customers Rs.40,301,220 (Previous Year Rs.26,974,294) has been considered as cash flow from Operating Activities.

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

As per our report of attached even date
FOR M. L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS
 Firm Registration Number: 101484W

For DONEAR INDUSTRIES LIMITED

ASHISH BAIRAGRA
 Partner
 Membership No.109931

Vishwanath L. Agarwal
 Chairman

Rajendra V. Agarwal
 Managing Director

Place : Mumbai
 Date : 30th May, 2013

Sreedhar H.
 Company secretary

Durga Prasad Agarwal
 Director

Ajay V. Agarwal
 Whole time Director

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2013

1 SHARE CAPITAL

(Amount in ₹)

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Authorised Shares		
100,000,000 Equity Shares, Rs.2/- par value (Previous Year 100,000,000, Rs.2/- par value)	200,000,000	200,000,000
(b) Issued, Subscribed and Fully Paid Up Shares		
52,000,000 Equity Shares, Rs.2/- par value (Previous Year 52,000,000, Rs.2/- par value)	104,000,000	104,000,000
Total	104,000,000	104,000,000

Note No 1.1: The reconciliation of the number of shares outstanding at the beginning and at the end of reporting period 31-03-2013 :

Particulars	As at 31.03.2013 No. of shares	As at 31.03.2012 No. of shares
(a) Number of shares at the beginning	52,000,000	52,000,000
(b) Add : Shares issued during the year	-	-
(c) Less : Shares bought back (if any)	-	-
(d) Number of shares at the end	52,000,000	52,000,000

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

- The company has only one class of equity shares having a par value of Rs. 2. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- The amount of per share dividend of Rs.0.20 (Previous Year Rs.0.20) has been proposed to be distributed to equity shareholders for the year ended 31/03/2013. The total amount of dividend shall be Rs.12,167,480/- (including dividend distribution tax Rs.1,767,480/-), (Previous Year Rs.12,087,140/- including dividend distribution tax Rs.1,687,140/-). Also refer Note No.2.1 below for previous year adjustment.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Sr. No	Name of the shareholders	As at 31.03.2013		As at 31.03.2012	
		No. of shares held	% of shares held	No. of shares held	% of shares held
1.	Rahul R. Agarwal	4,596,000	8.84%	4,596,000	8.84%
2.	Merrill Lynch Capital Markets ESPANA S. A. S.V.	3,965,000	7.63%	3,965,000	7.63%
3.	Rajendra Agarwal	3,846,000	7.40%	3,846,000	7.40%
4.	Ajay Agarwal	3,729,500	7.17%	3,729,500	7.17%
5.	Neena Agarwal	2,917,750	5.61%	2,917,750	5.61%
6.	Surya A. Agarwal	3,640,750	7.00%	2,840,000	5.46%
7.	Bhavardevi Agarwal	2,768,000	5.32%	2,768,000	5.32%
	Total	25,463,000	48.97%	24,662,250	47.43%

2 RESERVES & SURPLUS

(Amount in ₹)

Particulars	As at 31.03.2013	As at 31.03.2012
(a) General Reserve		
At the beginning and at the end of the year	353,160,352	353,160,352
(b) Surplus		
Opening Balance - Surplus	182,167,673	175,618,685
Add : Earlier year excess proposed dividend and dividend distribution tax (Refer Note No 2.1)	-	18,130,710
Add : Net Profit transferred from Statement of Profit and Loss	6,034,975	505,418
Amount available for appropriation	188,202,648	194,254,813
Less : Appropriations		
Proposed Dividend	10,400,000	10,400,000
Dividend Distribution Tax	1,767,480	1,687,140
Amount Transferred to General Reserve	-	-
Total Appropriations	12,167,480	12,087,140
Closing Balance - Surplus	176,035,168	182,167,673
Total of Reserve & Surplus	529,195,520	535,328,025

Note No 2.1:

As against the proposed Dividend for the financial year 2010-11 @ Re.0.50 per share, the AGM approved the same for Re.0.20 per share. The excess provision of Re.0.30 per share amounting to Rs. 18,130,710/- (including Dividend Distribution Tax of Rs. 2,530,710/-) was reversed and added to the surplus in the previous year.

3 LONG TERM BORROWINGS

(Amount in ₹)

Particulars	As at 31.03.2013	As at 31.03.2012
Secured Loans		
Term Loans (Refer Note No 3.1, 3.2)		
From Bank		
Indian Rupee	697,410,648	780,133,165
Total	697,410,648	780,133,165

Note No 3.1: Nature of Securities

Term Loan from State Bank of Hyderabad, Dena Bank and State Bank of India :

Secured by way of first pari passu basis in favour of Banks over all the fixed assets of the Company, both present & future including but not limited to Fixed Assets pertaining to the Capital Expansion project of the Company at Unit Balaji Fabrics, Revenue Block No.194 & 195 Kadodara, Bardoli Road, Village Jolwa , Taluka Palsana, District Surat, Gujarat except Land & Building at Plot No A-49 & A-50 Marol , MIDC Andheri (East) Mumbai and are also personally guaranteed by the directors Shri V. L. Agarwal and Shri R. V. Agarwal for the balance outstanding at the year end.

Term loans from State Bank of Hyderabad, Dena Bank and State Bank of India are further secured by second charge on the current assets of the company.

Note No 3.2: Terms of Repayment

Sr. No.	Term Loan taken from (Bank's Name)	Loan taken in the year	Loan installment started / starting from	Interest Rate(In %)	No of installments (Quarterly)
1	State Bank of Hyderabad	2006-2007	Sep'08	8 - 12	30
2	Dena Bank	2006-2007	Sep'08	8 - 14	30
3	State Bank of India	2006-2007	Sep'08	8 - 16	29
4	State Bank of Indore	2007-2008	Apr'09	11 - 16	32
5	State Bank of Hyderabad	2003-2004	Apr'06	11 - 13	28
6	State Bank of Hyderabad	2011-2012	Mar'13	13 - 14	32

4 OTHER LONG TERM LIABILITIES

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
Others				
Deposits		141,203,837		177,441,277
Total		141,203,837		177,441,277

5 SHORT TERM BORROWINGS

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
Secured Loans (Refer Note No 5.1)				
(a) Loans repayable on demand				
From Banks				
Working Capital Loans		938,795,447		794,962,751
(b) Other loans and advances				
From Banks				
Cash Credit	815,268,161		618,524,602	
Export Packing Credit	34,935,752	850,203,913	42,392,564	660,917,166
Unsecured Loans				
From Others				
From Directors	279,895,000		282,085,000	
From Other Body Corporates	53,203,512	333,098,512	48,572,519	330,657,519
Total		2,122,097,872		1,786,537,436

Note No 5.1: Nature of Securities

Credit facilities from State Bank of Hyderabad and Dena Bank

Secured by way of first charge on pari passu basis on all the current assets of the Company, and also secured by way of second and subsequent charge on pari passu basis on the fixed assets of the company (Present and future) except Land & Building at Plot No A-49 & A-50 Marol , MIDC Andheri (East) Mumbai . The above loans and facilities are guaranteed by the Directors, Shri. V. L. Agarwal and Shri R. V. Agarwal for the balance outstanding at the year end.

6 TRADE PAYABLES

(Amount in ₹)

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Sundry Creditors for Goods (Refer Note No 6.1)	105,600,690	35,393,802
(b) Sundry Creditors for Expenses (Refer Note No 6.1)	137,834,063	127,716,048
Total	243,434,753	163,109,850

Note No 6.1:

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

7 OTHER CURRENT LIABILITIES

(Amount in ₹)

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Current maturities of long-term debts [Refer Note No. 3.1 & 3.2]	182,553,946	182,956,000
(b) Interest Accrued but not due on borrowings	-	58,345
(c) Interest Accrued and due on borrowings	4,421,500	6,184,980
(d) Unpaid Dividend	526,469	533,693
(e) Other Payable		
Sundry Creditors for Capital Goods	11,139,301	12,057,936
Advance from Customers	31,343,502	33,892,609
Temporary Bank Overdraft	273,484	-
Deposits	162,882	196,473
Statutory Liabilities	11,050,788	53,969,957
Total	241,471,872	248,179,374

8 SHORT TERM PROVISIONS

(Amount in ₹)

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Provision for Employee Benefits		
Leave Encashment	7,389,018	5,524,238
(b) Other		
Provision for Income Taxation	216,110	141,120
Provision for Proposed Dividend	10,400,000	10,400,000
Provision for Dividend Distribution Tax	1,767,480	1,687,140
Total	19,772,608	17,752,498

9. FIXED ASSETS

(Amount in ₹)

Sr. No.	particulars of Asset	GROSS BLOCK (At Cost)				DEPRECIATION/AMORTISATION				NET BLOCK	
		As at 01.04.2012	Additions during the year	Deduction/ Adjustment during the Year	As at 31.03.2013	As at 01.04.2012	For the Year	Deduction/ Adjustment during the year	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
(i)	TANGIBLE ASSETS										
1.	Freehold Land	68,334,379	-	-	68,334,379	-	-	-	-	68,334,379	68,334,379
2.	Factory Land & Building	561,368,403	4,212,791	-	565,581,194	181,893,251	37,886,368	-	219,779,619	345,801,575	379,475,152
3.	Office Premises	875,481	-	-	875,481	429,693	22,290	-	451,983	423,498	445,788
4.	Residential Building	3,805,526	-	-	3,805,526	925,617	143,995	-	1,069,612	2,735,914	2,879,909
5.	Plant & Machinery	1,791,721,184	111,175,045	19,202,731	1,883,693,498	1,177,036,679	173,054,771	18,712,689	1,331,378,761	552,314,737	614,684,505
6.	Electrical Installation	27,358,923	-	-	27,358,923	13,572,000	1,917,761	-	15,489,761	11,869,162	13,786,923
7.	Furniture & Fixtures	48,993,340	1,157,492	-	50,150,832	26,185,959	4,482,248	-	30,668,207	19,482,625	22,807,381
8.	Computer	41,931,136	4,141,869	-	46,073,005	31,753,028	4,786,065	-	36,539,093	9,533,912	10,178,108
9.	Vehicle	24,264,500	9,495,761	1,445,559	32,314,702	16,499,359	3,654,641	1,052,736	19,101,264	13,213,438	7,765,141
10.	Air Conditioner	8,810,061	44,303	-	8,854,364	4,451,782	617,616	-	5,069,398	3,784,966	4,358,279
11.	Office Equipment	8,721,853	510,685	-	9,232,538	3,669,573	842,509	-	4,512,082	4,720,456	5,052,280
Total Tangible Assets		2,586,184,786	130,737,946	20,648,290	2,696,274,442	1,456,416,941	227,408,264	19,765,425	1,664,059,780	1,032,214,662	1,129,767,845
(ii)	IN TANGIBLE ASSETS										
1.	Computer Software	13,740,429	618,412	671,627	13,687,214	4,751,520	3,685,352	372,534	8,064,338	5,622,876	8,988,909
Total Intangible Assets		13,740,429	618,412	671,627	13,687,214	4,751,520	3,685,352	372,534	8,064,338	5,622,876	8,988,909
Total Current Year		2,599,925,215	131,356,358	21,319,917	2,709,961,656	1,461,168,461	231,093,616	20,137,959	1,672,124,118	1,037,837,538	1,138,756,754
Total Previous Year		2,417,694,561	184,952,799	2,722,145	2,599,925,215	1,211,032,191	250,792,321	656,051	1,461,168,461	1,138,756,754	-
(iii)	CAPITAL WORK-IN-PROGRESS										
[A]	TANGIBLE CWIP										
1.	Factory Land & Building	-	4,325,151	4,212,791	112,360	-	-	-	-	112,360	-
2.	Office Premises	136,869,876	74,684,514	-	211,554,390	-	-	-	-	211,554,390	136,869,876
3.	Plant & Machinery	36,054,620	83,918,422	107,877,374	12,095,668	-	-	-	-	12,095,668	36,054,620
4.	Furniture & Fixtures	-	375,540	375,540	-	-	-	-	-	-	-
5.	Office Equipment	-	3,451,402	-	3,451,402	-	-	-	-	3,451,402	-
Total Tangible CWIP Assets		172,924,496	166,755,029	112,465,705	227,213,820	-	-	-	-	227,213,820	172,924,496
[B]	INTANGIBLE CWIP										
1.	Computer Software	-	170,965	-	170,965	-	-	-	-	170,965	-
Total Intangible CWIP Assets		-	170,965	-	170,965	-	-	-	-	170,965	-

10 NON CURRENT INVESTMENT

(Amount in ₹)

Particulars	As at 31.03.2013	As at 31.03.2012
Unquoted		
(i) Non-Trade Investments		
Equity Instruments		
Nil (Previous Year 11,000) Equity Shares of R.Ajay Kumar Investment Co. Pvt. Ltd., Rs.10 par Value fully paid up	-	110,000
(ii) Trade Investments		
Equity Instruments		
72,000 (Previous Year 72,000) Equity Shares of Palsana Enviro Protection Ltd., Rs.100 par Value fully paid up	9,840,000	9,840,000
Total	9,840,000	9,950,000

11 DEFERRED TAX ASSETS

(Amount in ₹)

Particulars	As at 31.03.2013	As at 31.03.2012
On account of		
(i) Difference in Depreciation as per books and as per Income Tax Act, 1961	73,044,761	65,765,678
(ii) Provision for Doubtful Debts / Advances	8,539,698	6,573,983
(iii) Expenses allowable under Income Tax on payment basis	6,598,646	5,721,856
Deferred Tax Assets	88,183,105	78,061,517

12 LONG TERM LOANS & ADVANCES

(Amount in ₹)

Particulars	As at 31.03.2013	As at 31.03.2012
(Unsecured, considered good, unless otherwise stated)		
(a) Capital Advances		
(i) Considered Good	17,743,550	30,118,260
(ii) Considered Doubtful	584,972	2,460,635
	18,328,522	32,578,895
Less : Allowance for bad and doubtful advances	584,972	2,460,635
	17,743,550	30,118,260
(b) Deposits given		
(i) Considered Good	20,384,990	21,529,461
(ii) Considered Doubtful	159,780	-
	20,544,770	21,529,461
Less : Allowance for bad and doubtful advances	159,780	-
	20,384,990	21,529,461
(c) Other loans and advances		
(i) Advance recoverable in cash or in kind or for value to be received	31,698	45,266
(ii) Advance Tax {Net of provision for taxation Rs.1,241,028 (Previous Year Rs.1,174,236)}	12,878,434	12,055,137
(iii) MAT Credit Entitlement	36,602,661	36,235,638
(iv) Loan to Staff	2,246,210	53,159,261
Total	89,887,543	104,806,982

13 INVENTORIES

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
(a) Raw Material		311,867,902		206,196,820
(b) Semi Finished Goods		435,270,834		390,475,716
(c) Finished Goods		445,354,222		383,652,205
(d) Traded Finished Goods		170,266,240		213,527,568
(e) Stores & Tools		62,642,106		54,877,593
(f) Packing Material		60,876,983		55,601,328
Total		1,486,278,287		1,304,331,230

14 TRADE RECEIVABLES

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
(Unsecured)				
(a) Outstanding for more than six months (Refer Note No. 14.1)				
(i) Considered Good	95,544,239		54,730,631	
(ii) Considered Doubtful	21,044,771		14,938,427	
	116,589,010		69,669,058	
Less : Allowance for bad and doubtful debts	21,044,771	95,544,239	14,938,427	54,730,631
(b) Other than above (Considered Good)				
(i) Considered Good	820,919,733		715,712,837	
(ii) Considered Doubtful	521,501		-	
	821,441,234		715,712,837	
Less : Allowance for bad and doubtful debts	521,501	820,919,733	-	715,712,837
Total		916,463,972		770,443,468

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

15 CASH AND BANK BALANCES

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
(a) Cash & Cash Equivalents				
(i) Balance with banks				
- In Current Account	5,192,392		4,107,629	
(ii) Cheques, Drafts in Hand	20,597,855		20,055,954	
(iii) Cash In Hand	2,193,133		7,946,075	
(iv) In Margin Money Deposits due within 90 days (Refer Note No 15.2)	1,309,908	29,293,288	5,325,052	37,434,710
(b) Other Balance with banks				
In Unpaid Dividend Account (Refer Note No 15.1)	526,469		533,693	
In Margin Money Deposits due within one year (Refer Note No 15.2)	4,088,780		4,913,346	
In Margin Money Deposits due after one year (Refer Note No 15.2)	10,359,153	14,974,402	4,418,448	9,865,487
Total		44,267,690		47,300,197

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

Note No 15.2 Margin money deposits amounting to Rs.15,757,841 (Previous Year Rs. 14,656,846/-) are lying with bank against Bank Guarantees and Letter of Credit.

16 SHORT TERM LOANS & ADVANCES

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
(Unsecured, considered good, unless otherwise stated)				
(a) Deposits		18,500		18,500
(b) Other loans and advances				
Advance recoverable in cash or in kind or for value to be received	6,495,448		6,219,867	
Advance Tax {Net of provision for taxation Rs.39,308,360 (Previous Year Rs. 43,438,206)}	20,600,799		17,920,569	
Balance with Central Excise	1,126,217	28,222,464	518,678	24,659,114
(c) Loans to Staff				
(i) Considered Good	8,882,129		11,121,430	
(ii) Considered Doubtful	492,468		378,934	
	9,374,597		11,500,364	
Less : Allowance for bad and doubtful advances	492,468	8,882,129	378,934	11,121,430
(d) Trade Advances				
(i) Considered Good	29,149,092		23,291,923	
(ii) Considered Doubtful	3,517,044		2,483,932	
	32,666,137		25,775,855	
Less : Allowance for bad and doubtful advances	3,517,044	29,149,092	2,483,932	23,291,923
Total		66,272,186		59,090,967

17 OTHER CURRENT ASSETS

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
(a) Export Incentive Receivable		51,734,212		48,930,554
(b) Interest Receivable		61,159,250		54,685,083
(c) Sales Tax Refund Receivable		3,851,935		4,646,550
(d) Others		15,426,607		18,553,827
Total		132,172,004		126,816,014

18 CONTINGENT LIABILITIES AND COMMITMENTS

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
(a) Contingent Liability not provided for in respect of				
(i) Disputed Income Tax Liability where Company is in appeal	21,430,343		21,430,343	
(ii) Bank Guarantees executed under EPCG Schemes to Customs Authorities	895,000		895,000	
(iii) Bank Guarantees executed in favour of Government Departments	13,369,587		10,973,205	
(iv) Bonds executed under EPCG Schemes to Customs Authorities	397,028,841		356,906,005	
(v) Bonds executed in favour of the excise department towards concessional custom duty availed	3,740,229		3,740,229	
(vi) Claims against the Company not acknowledged as debt	495,502	436,959,502	159,780	394,104,562
(b) Commitments not provided for in respect of				
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances)		91,276,999		36,961,617
Total		528,236,501		431,066,179

19 REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(a) Sale of Products (Refer Note No 19.1)		3,801,950,275		3,598,435,333
(b) Sale of Services (Refer Note No 19.2)		164,367,703		132,073,129
(c) Other Operating Revenue				
Sale of Scrap	11,276,126		9,998,871	
Export Incentives	30,982,800	42,258,926	30,819,174	40,818,045
Total		4,008,576,904		3,771,326,507

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
Note No 19.1: Sale of products				
(a) Sales of Fabrics (Local)	3,120,366,435		2,754,501,002	
(b) Sales of Fabrics (Export)	292,118,155		303,501,623	
(c) Sales of Yarn (Local)	79,270,777		85,158,754	
(d) Sale of Garments (Local)	305,400,127		455,273,954	
(e) Sale of Garments (Export)	4,794,781	3,801,950,275	-	3,598,435,333
Note No 19.2: Sale of services				
(a) Process Job Sales	158,719,152		129,806,215	
(b) Yarn Job Sales	5,648,551		2,120,097	
(c) Packing Job Sales	-	164,367,703	146,817	132,073,129

20 OTHER INCOME

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(a) Interest income				
Interest Income on Deposit with Bank	1,176,531		1,484,995	
Interest Income on Deposit with Others	-		144,056	
Interest on delayed payments from Customers	40,301,220	41,477,751	26,974,294	28,603,345
(b) Other non-operating income				
Compensation Received	-		2,500,000	
Profit on Sale of Fixed Asset	13,813,469		6,484,611	
Provision no longer required	912,847		6,581,210	
Gain on Foreign Currency Transactions (Net)	-		3,108,233	
Sundry balance written back (Net)	1,235,129		5,227,382	
Commission Received	961,054		760,091	
Franchisee Registration Fees	1,600,000		2,700,000	
Rent Received	820,000		620,000	
Miscellaneous Income	20,065,835	39,408,334	6,133,737	34,115,264
Total		80,886,085		62,718,609

21 COST OF MATERIALS CONSUMED

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
Raw Material Consumed				
Opening Stock of Raw Material	206,196,820		258,835,783	
Add : Purchases of Raw Material	1,883,246,135		1,616,571,926	
Less : Closing Stock of Raw Material	311,867,902	1,777,575,053	206,196,820	1,669,210,889
Total of Cost of materials consumed (Refer Note No 21.1)		1,777,575,053		1,669,210,889

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

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
	₹	Percentage	₹	Percentage
(a) Yarn Consumed				
(i) Indigenous	1,553,059,509	87.37%	1,479,307,367	88.62%
(ii) Imported	10,372,665	0.58%	12,992,809	0.78%
Total Yarn Consumed	1,563,432,174	87.95%	1,492,300,176	89.40%
(b) Dyes & Chemicals Consumed				
(i) Indigenous	214,142,879	12.05%	176,345,481	10.56%
(ii) Imported	-	0.00%	565,232	0.03%
Total Dyes & Chemicals Consumed	214,142,879	12.05%	176,910,713	10.60%
Total of Cost of materials consumed	1,777,575,053	100.00%	1,669,210,889	100.00%

22 PURCHASES OF STOCK IN TRADE

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(a) Finish Fabric Purchases		93,927,826		120,124,653
(b) Grey Fabric Purchases		125,078,597		157,316,906
(c) Garment Purchases		21,850,577		30,422,228
Total		240,857,000		307,863,787

23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(a) Finished Goods				
Opening Stock of Finished Fabrics	383,455,744		306,677,968	
Closing Stock of Finished Fabrics	445,354,222	(61,898,478)	383,455,744	(76,777,776)
(b) Work in Progress				
Opening Stock of Grey Fabrics	390,475,716		257,951,925	
Closing Stock of Grey Fabrics	435,270,834	(44,795,118)	390,475,716	(132,523,791)
(c) Stock-in-Trade				
Opening Stock of Garments	213,527,568		199,516,357	
Closing Stock of Garments	170,266,240	43,261,328	213,527,568	(14,011,211)
Total		(63,432,268)		(223,312,778)

24 EMPLOYEES BENEFITS EXPENSES

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(a) Salaries, Wages & Other Benefits		374,961,278		315,075,322
(b) Contribution to Provident Fund and Other Funds		9,479,866		9,098,575
(c) Staff Welfare Expenses		7,851,964		6,184,344
Total		392,293,108		330,358,241

25 FINANCE COSTS

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(a) Interest expenses				
(i) Interest on Term Loan	91,908,152		81,565,483	
(ii) Interest on Other Bank Loan	169,192,254		132,105,187	
(iii) Interest on Others	9,362,939	270,463,345	2,209,002	215,879,672
(b) Other Borrowing Cost				
(i) Processing Charges	4,516,680		3,340,365	
(ii) Premium on Forward Contract	12,210,167	16,726,847	6,317,233	9,657,598
(c) Net Loss on Foreign Currency Transactions Considered as Borrowing Cost		113,677		3,597,207
Total		287,303,869		229,134,477

26 OTHER EXPENSES

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
Consumption of Stores & Spares (Refer Note No 26.1)		68,467,766		49,387,558
Processing Charges		32,196,922		41,151,020
Weaving Charges		29,966,207		37,567,894
Other Labour Charges		126,352,259		164,886,411
Power and Fuel		264,005,049		249,623,136
Repairs and Maintenance				
On Building	5,053,952		3,146,875	
On Machinery	6,812,827		5,924,069	
On Others	18,409,718	30,276,497	13,694,231	22,765,175
Security Charges		1,308,322		2,584,286
Brokerage on purchase		4,455,520		4,267,334
Legal & Professional Expenses		18,471,418		11,040,846
Travelling & Conveyance		41,306,839		39,374,723
Net Loss / (Gain) on Foreign Currency Transactions		478,107		-
Insurance Charges		4,565,657		6,594,768
Packing Material Consumed		150,101,467		146,164,565
Rates & Taxes		416,109		732,975
Rent Expense		12,721,738		15,647,026
Interest Expenses		17,499,217		7,936,320
Printing & Stationery		8,434,339		7,915,009
Postage, Telegram & Telephone		14,338,682		13,672,525
Auditors Remuneration (Refer Note No 26.2)		1,003,697		796,116
Fixed Assets Written Off		299,093		499,333
Allowance for bad and doubtful debts		5,352,243		2,329,062
Allowance for bad and doubtful advances	709,780		2,467,024	-
Less: Allowance for bad and doubtful advances written back		709,780	1,176,509	1,290,515
Bad debts		-		344,374
Allowance for bad & doubtful advances agst. Capital Goods		-		400,182
Bank Charges		4,804,859		5,869,283
Transportation Expenses		40,588,769		36,563,535
Sample Expenses		15,498,877		10,296,728
Advertisement & Sales Promotion		163,490,418		217,323,646
Sales Commision		107,247,978		126,117,881
Discount, Rebate & Claims		48,912,249		49,103,353
Miscellaneous Expenses		14,316,294		13,685,915
Total		1,227,586,372		1,285,931,494

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

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
	₹	Percentage	₹	Percentage
Stores & Spares Consumed				
(i) Indigenous	61,969,965	90.51%	38,640,874	78.24%
(ii) Imported	6,497,801	9.49%	10,746,684	21.76%
Total Stores & Tools Consumed	68,467,766	100.00%	49,387,558	100.00%

Note No. 26.2 - Auditors Remuneration:

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
Statutory Auditors Remuneration				
As an auditor				
- Audit Fees (including Limited Review)	535,000		435,000	
- Tax Audit Fees	135,000		105,000	
- Towards Service Tax	84,872	754,872	65,199	605,199
Other capacity				
- Certification	160,000		109,000	
- Other Services	-		2,500	
- Towards Service Tax	19,962		12,001	
- Out of Pocket Expenses	1,447	181,409	-	123,501
Cost Auditors Remuneration				
- Audit Fees	60,000		60,000	
- Towards Service Tax	7,416	67,416	7,416	67,416
Total Auditors Remuneration		1,003,697		796,116

27 EARNING PER SHARE (EPS)

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

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
	Description	Value	Description	Value
(a) Profit attributable to Equity Shareholders	(In Rs.)	6,034,975	(In Rs.)	505,418
(b) Number of Equity Shares outstanding during the year	(In Nos.)	52,000,000	(In Nos.)	52,000,000
(c) Face Value of each Equity Share	(In Rs.)	2.00	(In Rs.)	2.00
(d) Basic / Diluted earning per share (a) / (b)	(In Rs.)	0.12	(In Rs.)	0.01

28 SEGMENT REPORTING

The Company has one business segment viz. Manufacturing and Dealing in Textiles (Man Made Fabrics) However, since the sales outside India was more than 10% of the total sales in the previous year, geographical segment is reported as the secondary segment.

(Amount in ₹)

Particulars	2012-2013		2011-2012	
	Within India	Outside India	Within India	Outside India
(a) Segment Revenue	3,792,550,053	296,912,936	3,530,543,493	303,501,623
(b) Segment Assets	4,044,653,818	53,933,292	3,746,735,922	65,745,703
(c) Addition to Fixed Assets	131,356,358	-	184,952,799	-

29 RELATED PARTY DISCLOSURES

The following related parties have been identified by the management and relied upon by the Auditors

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

Disclosure of related party transaction during the year.

(Amount in ₹)

Nature of Transaction & Name of the Related Party	Year ended 31.03.2013		Year ended 31.03.2012	
(a) Purchase of Goods, Fixed Assets & Other Services				
(i) Donear Fashion Link Pvt. Ltd. - (Purchase of Goods & Fixed Assets)	43,500		2,146,433	
(ii) Neptune Fabs	9,463,663		1,857,880	
(iii) Venus Textiles	12,730,249		2,298,665	
(iv) Lotus Fabrics	8,271,604		1,256,187	
(v) Mercury Industries	13,866,092	44,375,108	2,595,162	10,154,327
(b) (Sale of Goods) / Goods Return				
(i) Donear Synthetics Ltd	1,761,550		-	
(ii) Neptune Fabs	-		514,189	
(iii) Venus Textiles	-		504,285	
(iv) Lotus Fabrics	-		513,838	
(v) Mercury Industries	-	1,761,550	504,218	2,036,530
(c) Director's Sitting Fees				
(i) Shri Vishwanath L. Agarwal		7,000		-
(d) Remuneration Paid				
(i) Shri Rajendra V. Agarwal	2,846,928		2,803,385	
(ii) Shri Ajay V. Agarwal	1,086,918	3,933,846	1,051,269	3,854,654
(e) Salary Paid				
(i) Miss. Ruchi R. Agarwal		-		220,000
(f) Deposit Taken				
(i) Neptune Fabs		-		1,120,000
(g) Rent Received and other recovery of expenses				
(i) Neptune Fabs	1,925,898		1,241,883	
(ii) Venus Textiles	2,812,612		1,654,575	
(iii) Lotus Fabrics	1,716,880		966,740	
(iv) Mercury Industries	2,776,818	9,232,208	1,740,310	5,603,508
(h) Sundry Balance Written Back				
(i) Donear Fashion Link Pvt. Ltd.		43,500		-
(i) Sale of Investment				
(i) Mrs. Bhavardevi Agarwal		110,000		-
(j) Loans Received				
(i) Shri Vishwanath L. Agarwal	44,615,923		36,100,000	
(ii) Mrs. Bhavardevi Agarwal	-		15,479,000	
(iii) Smt. Uma R. Agarwal	179,045		6,314,000	
(iv) Shri Ajay V. Agarwal	48,942,602		30,310,000	
(v) Mrs. Neena A. Agarwal	-		11,735,000	
(vi) Mr. Rahul R. Agarwal	5,000,000		25,140,000	
(vii) Shri Rajendra Agarwal	44,198,003		10,435,000	

Nature of Transaction & Name of the Related Party	Year ended 31.03.2013		Year ended 31.03.2012	
(viii) Mr Surya A. Agarwal	-		2,135,000	
(ix) Miss Ruchi R. Agarwal	-		855,000	
(x) Donear Synthetics Ltd	2,480,000		3,003,782	
(xi) Lav- Kush Traders Pvt. Ltd	115,000		110,000	
(xii) Shri Vishwanath Agarwal HUF	-		215,000	
(xiii) Shri Rajendra Agarwal HUF	159,918		4,005,000	
(xiv) Shri Ajay V. Agarwal HUF	162,538		3,130,000	
(xv) Donear Retail Pvt. Ltd.	4,980,080		2,805,000	
(xvi) Sonia Synthetics Pvt. Ltd	1,286,949		3,025,000	
(xvii) Sonia Synthetics LLP	7,111,363		-	
(xviii) R.Ajaykumar Invest. Pvt. Ltd	-		10,775,000	
(xix) Rajendra Synthetics Pvt. Ltd	5,200,136		1,765,000	
(xx) U.N.Reality Pvt.Ltd.	64,130,000		50,065,000	
(xxi) V.R.A. Reality Pvt.Ltd.	30,494,440	259,055,997	55,225,000	272,626,782
(jk) Loans Repaid				
(i) Shri Vishwanath L. Agarwal	42,140,923		28,605,000	
(ii) Mrs. Bhavardevi Agarwal	-		15,479,000	
(iii) Shri Rajendra Agarwal	38,178,003		13,000,000	
(iv) Shri Ajay V. Agarwal	59,627,602		42,120,000	
(v) Smt. Uma R. Agarwal	179,045		6,314,000	
(vi) Mrs. Neena A. Agarwal	-		11,735,000	
(vii) Mr. Rahul R. Agarwal	5,000,000		25,140,000	
(viii) Mr. Surya A. Agarwal	-		2,135,000	
(ix) Miss Ruchi R. Agarwal	-		855,000	
(x) Shri Vishwanath Agarwal HUF	-		215,000	
(xi) Shri Rajendra Agarwal HUF	159,918		4,005,000	
(xii) Shri Ajay V. Agarwal HUF	162,538		3,130,000	
(xiii) Donear Synthetics Ltd	825,000		728,513	
(xiv) Sonia Synthetics Pvt. Ltd	7,673,312		217,513	
(xv) Sonia Synthetics LLP	26,000		-	
(xvi) Lav- Kush Traders Pvt. Ltd	25,000		32,100	
(xvii) R.Ajaykumar Invest. Pvt. Ltd	-		12,042,000	
(xviii) Rajendra Synthetics Pvt. Ltd	4,113,143		299,513	
(xix) Donear Retail Pvt. Ltd.	3,880,080		164,500	
(xx) U.N.Reality Pvt.Ltd.	64,130,000		51,065,000	
(xxi) V.R.A. Reality Pvt.Ltd.	30,494,440	256,615,004	55,225,000	272,507,139
		575,134,213		568,122,940

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

(Amount in ₹)

Name of the Related Party	As at 31.03.2013		As at 31.03.2012	
(a) Outstanding Net Payable / (Receivable)				
(i) Donear Fashion Link Pvt. Ltd.	10,230,593		(11,648,869)	
(ii) Donear Synthetics Ltd	3,994	10,234,587	-	(11,648,869)
(b) Deposit Taken				
(i) Neptune Fabs	3,000,000		3,000,000	
(ii) Venus Textiles	3,000,000		3,000,000	
(iii) Lotus Fabrics	3,000,000		3,000,000	
(iv) Mercury Industries	3,000,000	12,000,000	3,000,000	12,000,000
(c) Loans Outstanding				
(i) Shri Vishwanath L. Agarwal	67,340,000		64,865,000	
(ii) Shri Rajendra Agarwal	70,440,000		64,420,000	
(iii) Shri Ajay V. Agarwal	142,115,000		152,800,000	
(iv) Donear Synthetics Ltd	18,875,269		17,220,269	
(v) Sonia Synthetics Pvt.Ltd.	-		6,386,363	
(vi) Sonia Synthetics LLP	7,085,363		-	
(vii) Lav- Kush Traders Pvt. Ltd	477,900		387,900	
(viii) Rajendra Synthetics Pvt. Ltd	15,256,480		14,169,487	
(ix) Donear Retail Pvt. Ltd.	11,508,500	333,098,512	10,408,500	330,657,519
		355,333,099		331,008,650

Note : Related party relationship is as identified by the company and relied upon by the Auditors.

30 EMPLOYEE BENEFIT

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

(Amount in ₹)

Particulars	As at 31.03.2013		As at 31.03.2012	
(a) Defined Contribution Plan				
Employees Provident Fund		6,482,035		5,152,119
(b) Defined Benefit Plan - Gratuity		Funded		Funded
(i) Assumptions		As on 31/03/2013		As on 31/03/2012
Discount Rate		8%		8%
Salary Escalation		4%		4%
(ii) Table showing changes in present value of obligations		As on 31/03/2013		As on 31/03/2012
Present value of obligations as at beginning of year		7,454,286		6,082,872
Interest cost		596,343		486,630
Current Service cost		1,578,992		1,669,060
Benefits paid		(933,552)		(555,420)

Particulars	As at 31.03.2013		As at 31.03.2012	
Actuarial (gain)/Loss on obligations		(261,276)		(228,856)
Present value of obligations as at end of year		8,434,793		7,454,286
(iii) Table showing changes in the fair value of plan assets				
Fair value of plan assets at beginning of year		9,700,707		8,238,377
Expected return on plan assets		847,966		725,177
Contributions		1,751,039		1,292,573
Benefits paid		(933,552)		(555,420)
Actuarial Gain / (Loss) on Plan assets		Nil		Nil
Fair value of plan assets at the end of year		11,366,160		9,700,707
(iv) Table showing fair value of plan assets				
Fair value of plan assets at beginning of year		9,700,707		8,238,377
Actual return on plan assets		847,966		725,177
Contributions		1,751,039		1,292,573
Benefits Paid		(933,552)		(555,420)
Fair value of plan assets at the end of year		11,366,160		9,700,707
Funded Status		2,931,367		2,246,421
Excess of Actual over estimated return on plan assets		Nil		Nil
(Actual rate of return=Estimated rate of return as ARD falls on 31st March)				
(v) Actuarial Gain/Loss recognized		As on 31/03/2013		As on 31/03/2012
Actuarial(gain)/Loss for the year Obligation		261,276		228,856
Actuarial (gain)/Loss for the year - Plan Assets		Nil		Nil
Total (gain)/Loss for the year		261,276		228,856
Actuarial (gain)/Loss recognized in the year		261,276		228,856
(vi) The amounts to be recognized in the Balance Sheet and Statements of Profit and Loss				
Present value of obligations as at the end of year		8,434,793		7,454,286
Fair value of plan assets as at the end of the year		11,366,160		9,700,707
Funded status		2,931,367		2,246,421
Net Asset / (Liability) recognized in balance sheet		(2,931,367)		(2,246,421)
(vii) Expenses Recognised in statement of Profit & Loss				
Current Service cost		1,578,992		1,669,060
Interest Cost		596,343		486,630
Expected return on plan assets		(847,966)		(725,177)
Net Actuarial (gain)/Loss recognised in the year		(261,276)		(228,856)
Expenses recognised in statement of Profit & Loss		1,066,093		1,201,657

31 LEASE

a) Assets given on Lease

The Company's major leasing arrangements are in respect of office premises given on leave and licence basis. These leasing arrangements, which are cancellable, is for the period of 3 years and are usually renewable by mutual consent at mutually agreed terms and conditions.

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
The aggregate lease rentals collected as Lease Rent and shown under Note No. 20 "Other Income"		820,000		620,000

b) Assets taken on Lease

The Company's major leasing arrangements are in respect of residential / godowns / office premises (including furniture and fitting therein, wherever applicable) taken on leave and licence basis. These leasing arrangements, which are cancellable, range between 11 months and 5 years generally, or longer, and are usually renewable by mutual consent at mutually agreed terms and conditions.

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
The aggregate lease rentals charged as Rent and shown under Note No. 26 "Other Expenses"		12,721,738		15,647,026

32 C.I.F. VALUE OF IMPORTS

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(a) Raw Material		10,372,665		13,558,041
(b) Components and Spare parts		9,914,889		16,398,190
(c) Capital Goods		34,255,407		26,103,299
Total		54,542,961		56,059,530

33 EARNINGS IN FOREIGN EXCHANGE

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(a) F.O.B. Value of Exports		291,639,467		298,927,779
(b) Freight		5,129,914		4,445,876
(c) Insurance		143,556		127,968
Total		296,912,937		303,501,623

34 EXPENDITURE IN FOREIGN CURRENCY

(Amount in ₹)

Particulars	Year ended 31.03.2013		Year ended 31.03.2012	
(a) Travelling, Lodging & Boarding		6,422,040		5,684,670
(b) Advertisement and Sales Promotion		2,210,016		2,820,494
(c) Interest		14,625,738		12,242,823
(d) Book & Periodicals		2,169,378		1,350,105
(e) Staff Welfare		567,655		-
(f) Commission		10,664,168		11,003,944
Total		36,658,995		33,102,036

35 DERIVATIVES

HEDGED :

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

Currency	Buy or Sell	As at 31.03.2013		As at 31.03.2012	
		Foreign Currency Amount	₹	Foreign Currency Amount	₹
GBP	BUY	-	-	3,330,579	272,216,551
AUD	BUY	5,279,831	306,797,782	-	-

UNHEDGED :

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

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

Particulars and Currency	As at 31.03.2013		As at 31.03.2012	
	Foreign Currency Amount	₹	Foreign Currency Amount	₹
Receivables				
USD	913,673	49,656,852	986,281	51,366,302
Euro	25,418	1,770,727	3,793	263,495

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

Particulars and Currency	As at 31.03.2013		As at 31.03.2012	
	Foreign Currency Amount	₹	Foreign Currency Amount	₹
Payables				
USD	345,190	18,866,386	221,170	11,518,604
GBP	-	-	15,113	1,258,534
Euro	6,320	442,832	103,810	7,211,991

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

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

38 Corporate Information

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

39 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Use of Estimates

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

(c) Inventories Valuation

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

(d) Fixed Assets and Depreciation / Amortisation

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

(e) Revenue Recognition

(i) Sale & Sale of Services

Sales are recognised when the significant risks and rewards of ownership of the goods are passed to the customer and with regard to services, when services are rendered. Sales are accounted net of volume discount.

(ii) Other Income

Interest Income is accounted on accrual basis.

(iii) Export Benefits

All export benefits other than advance license benefits are accounted for on accrual basis

(f) Foreign Exchange Transactions

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

(g) Investments

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

(h) Employees benefits expenses

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

(i) Borrowing Costs

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

(j) Lease

Lease rentals in respect of assets acquired under operating leases are charged off to the Statement of Profit and Loss. Lease rentals in respect of assets given under operating leases are credited to the Statement of Profit and Loss.

(k) Provision for Taxation and Deferred Tax

- (i) Provision for Income tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the Income- tax Act, 1961.

- (ii) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

(l) Impairment of Assets

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

(m) Provision & Contingent Liabilities

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

(n) Operating Cycle

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

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

As per our report of attached even date

FOR M. L. BHUWANIA & CO.

CHARTERED ACCOUNTANTS

Firm Registration Number: 101484W

For DONEAR INDUSTRIES LIMITED

ASHISH BAIRAGRA

Partner

Membership No.109931

Vishwanath L. Agarwal

Chairman

Rajendra V. Agarwal

Managing Director

Place : Mumbai

Date : 30th May, 2013

Sreedhar H.

Company secretary

DurgaPrasad Agarwal

Director

Ajay V. Agarwal

Whole time Director

DONEAR INDUSTRIES LIMITED

Registered office : 210, Key Tuo Industrial Estate, Kondivita Lane, Near M.I.D.C., Andheri (East), Mumbai - 400 059.

PROXY FORM**TWENTY SEVENTH ANNUAL GENERAL MEETING ON SATURDAY 28th SEPTEMBER, 2013**

Reg. Folio No.

I/We.....

of in the district of

being a member / of the above named company hereby appoint

..... of

in the district of or failing of

as my / our proxy to vote for me / us on my / our behalf at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the company to be held on Saturday 28th September, 2013 and at the adjournment thereof.

Signed this Day of 2013.

Signature.....

Note : This form duly completed and signed must be deposited at the Registered office of the company, not less than 48 hours before the meeting.

DONEAR INDUSTRIES LIMITED

Registered office : 210, Key Tuo Industrial Estate, Kondivita Lane, Near M.I.D.C., Andheri (East), Mumbai - 400 059.

ATTENDANCE SLIP**TWENTY SEVENTH ANNUAL GENERAL MEETING ON SATURDAY 28th SEPTEMBER, 2013**

Reg. Folio No.

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING on Saturday, 28th September, 2013 at Donear House Plot No. A-49/50, Marol Industrial Area, MIDC, Andheri (E), Mumbai - 400 059.

.....
Member / Proxy name in BLOCK letters

.....
Member / Proxy Signature

Note : Please fill this attendance slip and hand it over at the Entrance of the Meeting Hall

Dear Member,

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies and has issued Circulars No. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011. The Circulars provide that a company will be in compliance with the provisions of Sections 53 and 219 of the Companies Act, 1956, in case documents like notices, annual report and all other communications are sent in electronic mode to its members.

In view of the above, we propose to send the documents like the notices, annual report and all other communications, in electronic form, to your E-mail ID registered with the Company. We therefore, request all the members to be a part of this Green initiative, by filing up the 'E-communication Registration Form' and send it back to us at our registered office address.

As a member of the Company you are always entitled to receive all such communications, free of cost, on a request made to the Company in this behalf.

Note : This form duly completed and signed must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting

Yours Faithfully
FOR DONEAR INDUSTRIES LTD

Sreedhar .H
Company Secretary

DONEAR INDUSTRIES LIMITED

Registered Office : 210, Key Tuo Industrial Estate, Kondivita Lane, Andheri (E), Mumbai - 400 059.

Link Intime India Private Limited
Unit : Donear Industries Limited
C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (West),
Mumbai - 400078

Dear Sir / Madam,

RE : Green Initiative in Corporate Governance

I/We, agree to receive all communication from Donear Industries Limited (the Company) in electronic mode. Please register my E-mail ID in your records, for sending communication through e-mail.

Registered Folio No. / DP ID / Client ID No :
Pan :
Name of the 1st Registered Holders :
Name of the Joint Holder(s) :
E-mail ID :
Date : Signature of the 1st Registered holder :

Important Notes :

- (i) Investors can also forward the scanned copy of this Registration Form to info@donear.com
- (ii) On registration, all the communication from the Company will be sent to the E-mail ID registered with the Company.
- (iii) The members are requested to keep the Company informed as and when there is any change in the E-mail ID else, the communication will be sent only to the E-mail ID registered with the Company. The E-communication Registration Form' can also be downloaded from the Company's website www.donear.com



D'CotTM





Donear Industries Ltd.

Donear House, Plot No.49/50, MIDC Road No.1, MIDC, Andheri (E), Mumbai - 400093 (INDIA)

Customer Care: +91 22 6564 4553, E-mail: customercare@donear.com