



ANNUAL REPORT
&
ACCOUNTS
2010- 2011

DEEPAK SPINNERS LIMITED

**Board of Directors**

Shri Pradip Kumar Daga, Chairman cum Managing Director
Shri Vikram Prakash Aggarwal
Shri Yashwant Daga
Shri P. K. Drolia
Shri J. N. Pathak

Administrative Office

SCO 16, II Floor, Sector 26,
Madhya Marg,
Chandigarh - 160 019.

Shri S. B. Sharda, President
Shri R. A. Sharma, Vice President (Purchase)
Shri M. S. Shekhawat, Vice President (Sales)
Shri P. C. Sharma, Asst. Vice President (Accounts)

Baddi Works

121, Industrial Area, Baddi - 173 205
Tehsil Nalagarh, Distt. Solan
Himachal Pradesh

Shri Sudesh Tiwari, Vice President (Technical)
Shri S. K. Thakur, Vice President (Engineering)

Guna Works

Village : Pagara
Tehsil & Distt. Guna
Madhya Pradesh

Shri D. L. Yajnik, Executive President
Shri P. R. Pokharna, Vice President (Commercial)

Company Secretary

Smt. Puneeta Arora

Bankers

State Bank of India

Auditors

Messrs Singhi & Co.,
New Delhi

Registered Office

121, Industrial Area, Baddi
Tehsil Nalagarh, Distt. Solan
Himachal Pradesh - 173 205

Corporate Office

16, Hare Street,
Kolkata - 700 001

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of Deepak Spinners Limited will be held on Tuesday, the 20th day of September 2011 at 12.15 p.m. at Registered Office at 121, Industrial Area, Baddi, Tehsil Nalagarh, Distt. Solan, Himachal Pradesh to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Pradeep Kumar Drolia, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modification(s) the following Resolution as a Special Resolution :-

“RESOLVED THAT pursuant to the provisions of Section 314(1)(b) and other applicable provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the continuation of Mr. Shantanu Daga, a relative of director of the Company as Senior Management Executive of the Company at a revised remuneration and other terms and conditions effective from 01/06/2011 as follows :

SL	Particulars	Amount (Rs.)
1.	Consolidated salary	70000-10000-250000 per month with single or multiple increments every year.
2.	Rent Free Accommodation and/or House Rent Allowance	Rent free unfurnished accommodation or House Rent Allowance to the extent of 30% of the salary but within the overall ceiling limit of Rs. 250000/- per month in case of House Rent Allowance.
3.	Contribution to Provident Fund, Superannuation Fund and Annuity Fund	To the extent these either singly or put together are not taxable under the Income Tax Act, 1961
4.	Gratuity	At a rate not exceeding half a month's salary for each completed year of service
5.	Encashment of Leave	At the end of the tenure
6.	Medical Benefits and Medical Insurance Premium	For self and family as per Rules of the Company. Family to include spouse, children and parents. Medical Insurance Premium for medical insurance of self and family to the extent of Rs. 15000/- premium per annum.
7.	Leave travel concession	Once in every year to the extent of one month's salary to any place in India or abroad.
8.	Personal Accident Cover	Personal Accident Policy to the extent of premium of Rs. 10000/- per year.
9.	Club Fees	Fees of clubs subject to a maximum of two clubs. But the Company shall not pay admission or life membership fees.

RESOLVED FURTHER THAT Shri Shantanu Daga shall be eligible to promotion as per rules of the Company.

RESOLVED FURTHER THAT each party has the right of terminating the appointment upon giving three months notice or salary in lieu thereof.”

5. To consider and if thought fit to pass with or without modification(s) the following Resolution as a Special Resolution :-

“ RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, & 316 read with Schedule XIII and the other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereof or re-enactment thereof) and in accordance with the provisions of the Articles of Association, consent of the Company be and is hereby accorded to the re-appointment of Shri Pradip Kumar Daga as Managing Director of the Company for a period of three years with effect from 16th April 2012, and approval of the Company be and is hereby accorded to the terms and conditions as set out in the explanatory Statement annexed to the Notice convening this Annual General Meeting, with liberty to the Board of Directors to alter and verify the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Shri Pradip Kumar Daga.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all steps as may be necessary, proper and expedient to give effect to this resolution.”

6. To consider and if thought fit to pass with or without modification(s) the following Resolution as an Ordinary Resolution :-

“RESOLVED THAT pursuant to the provisions of Section 293(1)(e) of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorized to contribute to charitable or other funds, not directly relating to the business of the Company or the welfare of its employees, such amounts, the aggregate of which in any financial year will not exceed Rupees Five Lacs.

RESOLVED FURTHER THAT the consent of the Company is also given to the donation of Rs. 51,000/- made to Chief Minister’s Relief Fund (Himachal Pradesh) and Rs. 12,000/- made to Child Rights and You.”

By Order of the Board

Place : New Delhi

Date : 20.05.2011

PUNEETA ARORA

Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED MUST REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 19.09.2011 to 20.09.2011 (both days inclusive).
3. Members are requested to notify the change in their addresses to the Company at S.C.O.16, 2nd Floor, Sector-26, Madhya Marg, Chandigarh-160019 latest by 19.09.2011.
4. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for seven years from the date of transfer to Unpaid Dividend Account of the Company shall be transferred to the Investor Education and Protection Fund (IEPF) set up by the Government of India and no payment shall be made in respect of any such claims by the IEPF.

Accordingly, the Company has transferred to IEPF all unclaimed / unpaid dividends in respect of the financial year 2002-03.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 30.06.2004 onwards are requested to make claims to the Company.

The Company shall be transferring unclaimed / unpaid dividends in respect of financial year 2003-04 to IEPF in October 2011.

5. Pursuant to listing provisions, Company has appointed M/s Maheshwari Datamatics Private Limited, 6, Mangoe Lane, 2nd Floor, Kolkata – 700 001 as its Registrar and Transfer Agents (RTA) in physical and electronic mode. Members are requested to send all their correspondence at the above address of RTA.
7. Pursuant to the General Circular no. 2/2011 dated 8th February 2011, the Ministry of Corporate Affairs has granted general exemption to all companies from attaching balance sheet of their subsidiaries with their Annual Report.

However, the annual accounts of the subsidiary, M/s DSL Hydrowatt Limited and other related information shall be made available to the shareholders of the Company as well as to the shareholders of the subsidiary, on receipt of request in this regard by the Company.

8. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturday between 11.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.
9. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed herewith.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

ITEM NO. 4

Shri Shantanu Daga, a relative of director was appointed as Management Executive with effect from 01/06/2010 on a basic salary of Rs. 50000/- per month and perquisites vide a special resolution passed in the general meeting of the Company held on 17/09/2010.

Presently, upon consideration of the qualification and experience of Mr. Shantanu Daga and compensation package prevailing in the industry, it is proposed to increase his remuneration as provided in the resolution in order to retain the talented and experienced person in the larger interest and benefit of the Company.

The proposed current remuneration payment to Mr. Shantanu Daga requires the approval of the members of the Company by special resolution as his appointment is construed as holding 'office of profit' in the Company under section 314(1)b) of the Companies Act, 1956 and the Board recommends the passing of the resolution as special resolution.

None of the Directors, except Shri Pradip Kumar Daga and Shri Yashwant Daga, Directors are concerned or interested in the resolution.

ITEM NO. 5

The present tenure of appointment of Shri Pradip Kumar Daga is expiring on 15th April, 2012. The Board has re-appointed Shri Pradip Kumar Daga as Managing Director for a period of three years with effect from 16th April 2012. Shri Pradip Kumar Daga, aged 74 years is an eminent Industrialist having vast Industrial experience in diverse fields like Tea, Textile, Spinning and Engineering etc. It is to be noted that Shri Pradip Kumar Daga holds the responsible position of Chairman-cum- Managing Director of M/s. Deepak Industries Limited. The management feels that continuation of Shri Pradip Kumar Daga as Managing Director of the Company will lead to a better growth and development. It is therefore, proposed to re-appoint him as Managing Director for a period of three years with effect from 16th April, 2012.

The Principle terms and conditions of his appointment are as follows:-

1. Tenure of Appointment

The re-appointment of Shri Pradip Kumar Daga is for a period of three years with effect from 16th April 2012 to 15 April, 2015

2. Remuneration

Shri Pradip Kumar Daga shall not receive any remuneration from the Company as he is drawing the remuneration from M/s. Deepak Industries Limited as Managing Director and the remuneration being paid to him from Deepak Industries Limited is within the ceiling limit of Schedule XIII of the Companies Act, 1956.

3. Other Terms of Appointment

- i) As stated Shri Pradip Kumar Daga will not receive any remuneration from the Company. As Shri Pradip Kumar Daga is the resident of Kolkata, all expenses incurred by him such as Boarding, lodging, Travelling etc during discharge of his duties as Managing Director of the Company will be reimbursed and / or borne by the Company.
- ii) Shri Pradip Kumar Daga shall, subject to the superintendence, control and direction of the Board, perform and discharge such duties and responsibilities as may be entrusted to him by the Board of Directors.

DEEPAK SPINNERS LIMITED

- iii) Shri Pradip Kumar Daga shall not be entitled to any sitting fees for attending the meetings of the Board of Directors or Committee thereof.
- iv) The appointment may be terminated by either party by giving three months notice in writing to other party.

None of the Directors of the Company except Shri Pradip Kumar Daga and Shri Yashwant Daga are interested or concerned in this Special resolution.

This may be treated as an abstract of the agreement between the Company and Shri Pradip Kumar Daga, pursuant to Section 302 of the Companies Act, 1956.

ITEM NO. 6

As per Section 293(1)(e) of the Companies Act, 1956, a Company can make donations to Charitable or other funds not directly relating to the business of the Company or the welfare of its employees, in any year exceeding Rs. 50,000/- or 5% of its average net profits during three financial years.

The consent of the shareholders is sought to enable Company to make donations beyond this limit upto Rs. 5,00,000/- if and when required to be done towards social welfare. Also, the donations already made to Chief Ministers' Relief Fund (Himachal Pradesh) amounting to Rs.51,000/- and Child Rights and You (CRY) amounting to Rs. 12,000/- are also sought to be ratified by the members.

Members are requested kindly pass the resolution as an Ordinary Resolution.

**Details of the Director seeking re-appointment at the ensuing
Annual General Meeting fixed on 20-09-2011**

Name of Director	Shri Pradeep Kumar Drolia
Date of Birth	18-12-1955
Date of Appointment	07-11-2005
Qualification	B.Com, LLB, FCA
Experience in Specific functional area	Practicing Chartered Accountant
List of other Directorships held	Brindavan Tracon Pvt. Ltd. Raunak Trading & Investment Pvt. Ltd. Indo Eco (India) Ltd. J.R.D. Finance Ltd. K. P. Consultancy Pvt. Ltd.
Chairman/Member of the Committees of Board of Directors of the Company	i) Audit Committee (Member) ii) Shareholders/Investors Grievances Committee (Member) iii) Remuneration Committee (Member) iv) Selection Committee (Member)
Chairman of the Committee of Directors of other Companies in which he is a Director	Nil

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their Report together with the Audited Accounts for the year ended 31st March 2011.

FINANCIAL RESULTS	(Rs.in Lacs)
Profit before Depreciation, Exceptional Items and Tax	1522.22
Less : Depreciation	(749.26)
Exceptional Item	(70.80)
Provision for Tax	
Tax related to current year	(147.00)
- Deferred Tax Credit	73.39
Net Profit	628.55

DIVIDEND

In view of the losses incurred in the earlier years and the need to conserve resources for upgradation and expansion, your directors do not recommend any dividend for the year ended 31st March 2011

GENERAL REVIEW

The economy recovered during the year with increased overseas and domestic demand and improved realisations, particularly in the last quarter of the year under review. A break down in the turbine of the power plant at Guna, necessitated purchase of power from the State Electricity Board resulting in substantial increase in expenditure for power and for repairs.

Availability of labour is a matter of concern and in fact, production has suffered on this account. Steps are being taken to overcome this problem.

Replacement of old machines as also additions to machines were made during the year. Your directors have also planned for a major replacement of old machines as also expansion at both the units. The same would be funded by cash accruals and term loans under Technology Upgradation Fund Schemes.

Prices of all varieties of man-made fibres increased steeply in February 2011. Purchase of yarn by our

customers practically came to standstill resulting in buildup of stocks. Fibre prices came down sharply in April creating a lot of uncertainty and it is expected to take sometime for markets to stabilize. The prospects for the year appear to be reasonably positive.

SUBSIDIARY COMPANY

M/S DSL Hydrowatt Limited is the only subsidiary of the Company.

Pursuant to the General Circular no. 2/2011 dated 8th February 2011, the Ministry of Corporate Affairs has granted general exemption to all companies from attaching balance sheet of their subsidiaries with their Annual Report. However, the annual accounts of the subsidiary, M/s DSL Hydrowatt Limited and other related information shall be made available to the shareholders of the Company as well as to the shareholders of the subsidiary, on receipt of request in this regard by the Company.

The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary.

DIRECTORS' REPONSIBILITY STATEMENT

In terms of the provisions of Section 217 (2AA) of the Companies Act, 1956 your Directors confirm as under:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

DEEPAK SPINNERS LIMITED

iv) That the Directors have prepared the annual accounts on a going concern basis.

DIRECTORS

Shri Pradeep Kumar Drolia, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS & AUDITORS' REPORT

M/s Singhi & Co. Chartered Accountants, (Registration No. 302049E) New Delhi retire as Auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment. Auditors' observations are self explanatory and suitably explained in the Notes on Accounts.

The remarks made by the Auditors in para vi of their report with respect to accumulated Cenvat credit have been suitably explained in para 9 of the Notes of Accounts.

The Auditors had reported in para (xxi) of the Annexure to their report for the year ended 31.3.2010, about certain wrongful act by one of the senior employees of the Company. The Company has initiated legal

action against the said senior employee. However, the same has no impact on the current year's profit.

ADDITIONAL INFORMATION

A report on Corporate Governance and Management Discussion and Analysis as required under clause 49 of the Listing Agreement is attached.

Energy conservation measures, progress made in technology absorption and foreign exchange earnings and outgo as required by the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are annexed and form part of this report.

None of the employees of the Company is covered under the provisions of Section 217(2A) of the Companies Act 1956 as amended to date.

ACKNOWLEDGEMENT

Your Directors record their appreciation of the co-operation extended by our Bankers and various authorities of the State Governments. They also record their appreciation of the dedicated services rendered by the executives, staff members and workers of the Company.

**YASHWANT DAGA
PRADEEP KUMAR DROLIA**

J. N. PATHAK
Directors

VIKRAM PRAKASH
Director

P. K. DAGA
*Chairman cum
Managing Director*

Place : New Delhi
Date : 20.05.2011

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT

The Board of Director at its meeting held on 24.10.2005 has adopted Code of Conduct for its Directors and Senior Management personnel. This Code is also posted on its website.

I confirm that the Company has in respect of the financial year ended 31st March 2011, received from Directors and Senior Management Team of the Company a declaration of compliance with the Code of Conduct as applicable to them.

Place : New Delhi
Date : 20.05.2011

P. K. DAGA
*Chairman cum
Managing Director*

ANNEXURE TO DIRECTORS' REPORT

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

1. CONSERVATION OF ENERGY

a) Energy conservation measures taken –

i) Baddi Works

- Balancing of air volumes and optimization of air changes in the Humidification plant
- Intermittent running of OHTC in Auto-coners
- Replacement of conventional bulbs by CFL bulbs in offices and residential colonies
- Driving the brush roller in C 1/3 cards by connecting it with the pulley that drives rotating flats. Hence, a separate brush roller motor is not used.
- Optimization of LDO/6 suction fan speed.

Conservation of water

- Reuse of treated water from the ETP plant for gardening
- Reuse of hot water discharged from the dye house for the boiler

ii) Guna Works

- Using one OHTC for two machines in place of one OHTC for one machine
- Conventional OHTCs replaced with energy saving ones
- Conventional pneumafil fans in Ring Frames replaced with energy saving ones.
- Centralized WCS used in place of individual suction motors to reduce energy consumption and increase efficiency on 14 carding machines.
- Excess steam from the boiler is used in the Seiger machine in place of electrical coils

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

i) Baddi Works

- Replacement of conventional motors by energy efficient motors in Ring Frames
- Installation of energy efficient spindle tapes in Ring Frames
- Installation of energy saving spindle and bolster sets in Ring Frames
- Replacement of conventionally designed air blowers in the ETP plant by technologically advanced blowers that consume less power
- Optimization of Radio Frequency dryer to reduce it's load and increase productivity
- Minimize idling of machines and/or motors during maintenance
- Replacement of conventional compressors with energy efficient ones.

ii) Guna Works

- Increasing the parking time of Autoconer OHTCs to save energy
- Replacement of conventional spindle and bolster sets in Ring Frames with energy saving ones
- Re-engineering of Humidification plant in order to save energy and increase efficiency
- Installation of VFD in the feed pump and cooling tower pump of the power plant to reduce energy consumption
- Replacement of conventional compressors with energy efficient ones
- Installation of energy efficient spindle tapes in Ring Frames

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.

- There has been a considerable amount of savings achieved by the measures undertaken

DEEPAK SPINNERS LIMITED

d) Total energy consumption and energy consumption per unit of production as per Form A as given below -

FORM A

	Current year	Previous year
A. Power and Fuel consumption		
1. Electricity		
(a) Purchased (Million Units)	28.59	22.49
Total amount (Rs. in Millions)	141.66	80.87
Rate / Unit	4.95	3.60
(b) Own Generation		
i) Through D.G. Sets (Million Units)	2.33	1.81
Units amount (Rs. in millions)	25.37	17.60
Cost / Unit	10.89	9.72
ii) Through steam turbine (Million units)	8.76	17.50
Units per kg. of Bio – Fuel	0.45	0.45
cost / unit	4.28	3.29
2. Coal (C, Grade) used in Boiler		
(Quantity – Million Kgs)	1.65	1.50
Total cost (Rs. in Millions)	12.48	11.32
Average rate per Kg.	7.56	7.55
B. Consumption per unit of production		
Production of yarns (Million Kgs)	17.76	17.50
Electricity (KWH/Kg.)	2.30	2.33
Others		
Diesel (Ltr/Kg. Yarn)	0.11	0.03
Bio – Fuel (Kg/Kg. Yarn)	1.17	4.68

2. Technology Absorption, Research & Development

Efforts made in technology absorption as per Form B given below –

Form B

RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R & D carried out by the Company.

The company lays special emphasis on development of new products and cost reduction. In the past year, it has developed products such as Infodil and Daffodil yarns for knitting, yarns of varying blends for carpets and home furnishings and soft feel yarns used for making special fabrics for its international customers.

2. Benefits derived as a result of the above R & D

The various products developed have widened the company's product portfolio and increased its potential customers.

3. Future plans and action

Research and development is a continuous process. The company is committed to long term sustainable goals of continuous innovation and development to satisfy its diverse customer base.

4. Expenditure on R & D :

No additional expenditure has been incurred on R & D.

TECHNOLOGY ABSORPTION :

1. Efforts made towards technology absorption.

The indigenous technology available is continuously being upgraded.

2. Benefits derived as a result of the above efforts.

The company's overall performance has improved due to collective efforts achieved by its dedicated team.

3. Particulars of Imported Technology :

No technology was imported.

4. Foreign Exchange Earnings & out go	:	(Rs. in 000)
Total Foreign exchange used	:	44,41
Total Foreign exchange earned	:	22,55,62

Statement Regarding Subsidiary Companies Pursuant to Section 212(3) and 212 (5) of the Companies Act, 1956

1. Name of Subsidiary Company	:	DSL HYDROWATT LTD.
2. Financial year to which accounts relate	:	31.03.2011
3. Holding Company's interest at the closing of F.Y. of Subsidiary Company	:	I) Shareholding - 49940 Equity Shares of Rs.10/- each II) Extent of holding - 51%
4. Change, if any, in the Holding company's interest in the Subsidiary	:	NIL
5. The net aggregate amount of profits/losses of the Subsidiary, so far as it concerns members of Deepak Spinners Limited and is not dealt with in the Company's accounts.		
For the Financial years	:	NIL
For the Previous Financial years	:	NIL
6. The net aggregate amount of profits/losses of the Subsidiary, which has been dealt with in the accounts of Deepak Spinners Limited.		
For the Financial year	:	NIL
For the Previous Financial years	:	NIL

Place : New Delhi
Date : 20.05.2011

YASHWANT DAGA
PRADEEP KUMAR DROLIA
J. N. PATHAK
Directors

VIKRAM PRAKASH
Director

P. K. DAGA
Chairman cum
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRY SCENARIO**

The Indian textile industry is the largest exchange earner for the country and the second largest contributor to the Gross Domestic Product (GDP). In spite of a few issues, the industry is able to grow steadily as well as increase its share in the world market.

During the year 2010-11, the Indian Textile Sector experienced recovery in export demand, robust domestic demand and profit margins being restored to pre-recession levels for most players.

Government has announced restructuring of Technology Upgradation Fund Schemes (TUFS). The Scheme will provide maximum subsidy across supply chain in Textile Industry during the year 2011-12. Spinning Sector will get reimbursement of interest to the tune of 4%. It will help textile sector to implement their expansion and modernization programmes.

RISKS AND CONCERNS

The Indian Rupee has appreciated by 4% against U.S. Dollar since last year. During the same period, Chinese Yuan has appreciated about 2.56%, while Vietnamese Dong and Bangladeshi Taka have depreciated. It has increased their export competitiveness versus India.

The other areas of concern are high input costs, lack of skilled labour. Slow recovery of Euro zone and unsettled market conditions in Gulf countries due to political unrest have impacted the slow growth of exports.

OUTLOOK

The demand for textile products is improving both in the domestic as well as foreign markets. The Indian Textile Industry should explore markets in newly industrialized countries of South East Asia, who have significant potential for absorbing imports of textile products and also for supplying raw materials for textile production.

Adoption of innovative automation technologies in place of labour intensive techniques can alleviate the problem of lack of skilled labour to some extent.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of its business. The Audit Committee periodically reviews such systems with help of the internal and statutory auditors and reports to the board on its adequacy. Internal Audit is conducted by an independent Chartered Accountant, on quarterly basis.

FINANCIAL PERFORMANCE

The report of the Board of Directors may be referred to on financial performance.

HUMAN RESOURCES

Industrial relations remained normal at all levels. The development of human resources is a key strategic challenge in order to prepare people for future responsibilities in terms of professional skills as well as business skills. Customized training programs that enhance both personal as well as career growth are conducted on a continuing basis. The employees on roll in the Company as on 31st March 2011 were 1823.

CAUTIONARY STATEMENT

Statements in this Management Discussions and Analysis Report describing the Company objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially from those expressed or implied. Factors that could make a difference to the Company's operations include market price both domestic and overseas availability and cost of raw materials, change in Government regulations and tax structure, economic conditions affecting demand / supplies and other factors over which the Company does not have any control.

REPORT ON CORPORATE GOVERNANCE

1) Company's Philosophy on Code of Corporate Governance

Corporate Governance refers to transparency in policies and actions, a healthy work culture, accountability for performance and responsibility towards the Society. This would enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. The Company possesses an ethical mindset about the values of good Corporate Governance with the support of diversified categories of people and agencies.

2) A) Composition of Board of Directors

Names of Directors, details of other Directorships / Committee memberships held by them in other companies and attendance at Company's Board meetings and last Annual General Meeting

Category Names of Directors	Attendance at		*Directorship in other companies		Committee Membership in other companies	
	Board Meeting	Last AGM	As Director	As Chairman	As Member	As Chairman
Promoter Non-Executive						
Yashwant Daga	4	—	11	—	3	—
Promoter Executive						
P. K. Daga Chairman cum Managing Director	4	Yes	6	—	3	2
Independent Non-Executive						
Vikram Prakash	5	Yes	5	—	2	3
Pradeep Kumar Drolia	4	—	5	—	—	—
J.N.Pathak	5	—	1	—	1	—

*Including Private Limited Companies.

B) Relationships of Directors interse

Shri Pradip Kumar Daga, Chairman cum Managing Director and Shri Yashwant Daga are related to each other. Shri Yashwant Daga being son of Shri Pradip Kumar Daga.

3) Board Meetings held during the year

- a) During the financial year ended 31st March 2011, five meetings of the Board of Directors were held on 16th April 2010, 29th May 2010, 12th August 2010, 12th November 2010 and 14th February 2011.

Dates for the Board Meetings are decided well in advance and communicated to the Directors. The Agenda along with the explanatory notes are sent in advance to the Directors.

The information as required under Annexure 1A to Clause 49 is being made available to the Board. The Board periodically reviews Compliance Report of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

The Company has adopted Code of Conduct for Directors and Senior Management Personnel of the Company. The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review. The Code is posted on the website of the Company.

b) Audit Committee

The Audit Committee comprises of three Non - Executive Directors namely Shri Vikram Prakash, Chairman, Shri J. N. Pathak, Shri Yashwant Daga and Shri Pradeep Kumar Drolia as members. The Members have adequate knowledge of accounts and financial matters. Smt. Puneeta Arora, Company Secretary is Secretary to the Committee.

The Audit Committee *inter-alia*, reviews annual financial statements, accounting policies, system of internal controls, reports of internal auditors, recommend the appointment of statutory auditors and oversee compliance with stock exchanges and other legal requirements.

DEEPAK SPINNERS LIMITED

During the year, this Committee held Five meetings, on 16th April 2010, 29th May 2010, 12th August 2010, 12th November 2010 and 14th February 2011. Attendance of each member of the Committee was as follows –

Name of Member	No. of Meetings attended
Shri Vikram Prakash	Five
Shri J.N.Pathak	Five
Shri Yashwant Daga	Four
Shri Pradeep Kumar Drolia	Four

The necessary quorum was present at the meeting. Statutory and Internal Auditors also try to attend the Meeting on the invitation of Chairman. The Company Secretary acts as the Secretary of the Audit Committee.

c) Remuneration Committee

The Remuneration Committee has been constituted to determine and recommend Directors remuneration including Whole Time Directors. The Remuneration Committee comprises Shri Vikram Prakash Chairman, Shri Yashwant Daga and Shri Pradeep Kumar Drolia and Shri J.N.Pathak.

There being no agenda to consider, the committee did not hold any meeting during the year.

Details of remuneration paid to Whole Time Director and other Directors is given below :-

(Particulars of remuneration paid)

Name of the Director	Salary	Perquisites/LTA	Commission	Sitting Fee	Total
Shri P. K. Daga (Chairman-cum-Managing Director)	—	—	—	—	—
Shri Yashwant Daga	—	—	—	88000	88000
Shri Vikram Prakash	—	—	—	104000	104000
Shri Pradeep Kumar Drolia	—	—	—	82000	82000
Shri J.N.Pathak	—	—	—	104000	104000

The Company pays sitting fees of Rs. 10000/- per meeting to the Non-Executive Directors for attending the meetings of the Board and Rs. 6000/- per meeting for attending the meetings of the Committees of the Board.

Shareholdings of Non-Executive Directors in the Company as on 31st March 2011 :-

Non-Executive Directors	No of ordinary shares @ Rs.10/- held singly and/or jointly
Shri Yashwant Daga	247035

d) Shareholders / Investors Grievances Committee

The Committee comprises of four Non-Executive Directors namely, Shri Vikram Prakash, Chairman, Shri J.N.Pathak, Shri Yashwant Daga, and Shri Pradeep Kumar Drolia, as members.

Smt. Puneeta Arora, Company Secretary has been designated as the Compliance Officer by the Board.

The Committee deals with shareholders complaints and grievances etc.

- During the financial year ended 31st March 2011, 3 complaints were received and all were satisfactorily disposed off. As on 31.03.2011, pendency is Nil.
- There were no pending requests for Share transfers as on 31st March 2011.

During the year, this Committee held four meetings on 29th May 2010, 12th August 2010, 12th November 2010 and 14th February 2011. Attendance of each member of the Committee was as follows :-

Name of Member	No. of Meetings attended
Shri Vikram Prakash	Four
Shri J.N.Pathak	Four
Shri Yashwant Daga	Four
Shri Pradeep Kumar Drolia	Three

e) Selection Committee

The Selection Committee has been constituted to consider and recommend appointment of Relatives of Directors. The Selection Committee comprises Shri Vikram Prakash Chairman, Shri Yashwant Daga, Shri Pradeep Kumar Drolia and Shri J.N.Pathak.

During the year, this Committee held one meeting, on 29th May 2010 to consider the appointment of Shri Shantanu Daga who is a relative of Directors, Shri P. K. Daga and Shri Yashwant Daga, to the post of Management Executive. Attendance of each member of the Committee was as follows :-

Name of Member	No. of Meetings attended
Shri Vikram Prakash	One
Shri J.N.Pathak	One
Shri Yashwant Daga	One
Shri Pradeep Kumar Drolia	One

The Directors were not paid any sitting fees for this meeting.

4) General Body Meetings

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

Particulars	Location	Date	Time
26th AGM	121, Industrial Area, Baddi Tehsil Nalagarh, Distt. Solan Pin - 173 205 (H.P.)	27-11-2008	11.30 A.M
27th AGM	-do-	11-09-2009	11.30 A.M
28th AGM	-do-	17-09-2010	11.30 A.M

b) No Extra Ordinary General Meeting was held during the year.

5) Disclosures

i) The Company did not enter into any transaction of material nature with related parties, which may have potential conflict with the interests of the Company. The Company has fully complied with all the requirements of regulatory authorities on Capital Markets and consequently, no penalties / strictures have been imposed against it during the last three years.

ii) **Reconciliation of Share Capital Audit**

A qualified practicing Chartered Accountant carried out an Audit to reconcile, the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

6) Means of Communication

Half Yearly results along with the quarterly results are published as given below.

Quarterly/ Half Yearly Results are published in the following newspapers :-

Dainik Jagran (regional newspaper) and Economic Times (National - English)

Website where displayed : www.dsl-india.com

The Company does not display the official news release on its web site.

Management Discussion and Analysis is a part of Annual Report.

7) (i) General Shareholder Information

Date, time and location of next AGM : 20th September, 2011 at 12.15 P.M. at the Registered Office : 121, Industrial Area, Baddi, Tehsil Nalagarh, Dist – Solan 173205 (HP)

(ii) Financial Calendar (tentative dates of the publication of the following) :-

Results for the quarter ending 30th June 2011 — Middle of August 2011
 Results for the quarter ending 30th September 2011 — Middle of November 2011
 Results for the quarter ending 31st December 2011 — Middle of February 2012
 Audited results for the year ending 31st March 2012 — Last week of May 2012

Book closure date : 19th September, 2011 to 20th September, 2011 (both days inclusive)

(iii) Listing on Stock Exchanges at : Mumbai and Kolkata

(iv) Annual listing fees for 2011-12 has been paid to above Stock Exchanges.

Stock Exchange	Stock Code for DEMAT Trading	Stock Code for Physical Trading
Stock Exchange, Mumbai	514030	514030
Calcutta Stock Exchange	10014004	14004

(vi) Market Price Data

Month/Year	Mumbai Stock Exchange (BSE)		Month/Year	Mumbai Stock Exchange (BSE)	
	High	Low		High	Low
April 2010	24.55	15.15	October 2010	24.65	20.45
May 2010	24.50	15.60	November 2010	29.50	19.60
June 2010	21.00	18.20	December 2010	24.40	19.25
July 2010	24.75	19.00	January 2011	20.50	16.00
August 2010	24.45	19.00	February 2011	21.00	14.20
September 2010	23.80	20.00	March 2011	17.95	15.05

There was NIL trading in equity shares of the Company at Calcutta Stock Exchange during the period from 1st April 2010 to 31st March 2011.

The performance of the Company's shares cannot be compared to BSE Sensex for reasons of low liquidity.

(vii) Designated Exclusive email-id :

The following e-mail ids have been designated exclusively for investor servicing
 mdpl@vsnl.com / share@dsl-india.com

(viii) Registrars & Transfer Agents in Physical and Electronic (DEMAT) Mode :

M/s MAHESHWARI DATAMATICS PRIVATE LIMITED
 6, MANGOE LANE, 2ND FLOOR, KOLKATA – 700 001

(ix) Share Transfer System

Share transfers are registered and returned within a maximum period of 15 days from the date of receipt, if the documents are clear in all respects. The transfers are approved by delegated authorized person, that is, Registrars & Transfer Agents as authorized by the Board.

(x) Pattern and Distribution of Shareholding as on 31.03.2011

Category	No. of Shares held	% of total paid up Capital
Resident Individuals	65,12,174	90.59
Financial Institutions	3,28,880	4.58
Banks, Mutual Funds and Bodies Corporate	2,01,855	2.80
NRIs / OCBs	1,46,459	2.03
TOTAL	71,89,368	100.00

From	To	No. of Shares held	% of total Paid-up Capital	No. of Shareholders	% of total no. of Shareholders
Upto	– 500	1371163	19.08	9126	90.92
501	- 1000	393360	5.48	494	4.92
1001	- 10000	1043007	14.50	367	3.66
Above	- 10000	4381838	60.94	51	0.50
TOTAL		7189368	100.00	10038	100.00

(xi) **Dematerialisation of shares and liquidity**

The equity shares of the Company are under compulsory Demat trading for all categories of investors. The Company's shares are available for Demat trading with both the depositories i.e. CDSL and NSDL. As on 31st March 2011, 69.87% equity shares of the Company stood dematerialized.

(xii) **Plant locations**

- 121, Industrial Area, Baddi, Tehsil Nalagarh, District Solan - 173205 (HP)
- Village Pagara, Tehsil & District Guna - 473001 (MP)

(xiii) **Address for correspondence**

Deepak Spinners Limited,
S.C.O. 16, 2nd Floor,
Sector - 26, Chandigarh - 160019.

8) CEO and CFO Certification

The Chairman and Managing Director, that is, the Chief Executive Officer (CEO) of the Company give annual certification on financial reporting and internal controls to Board in terms of Clause 49 of the Listing Agreement. The CEO and CFO also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

The above report was adopted by the Board of Directors at its meeting held on 20th May 2011.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of conditions of Corporate Governance by DEEPAK SPINNERS LTD. for the period ended on 31st March, 2011 as stipulated in clause 49 of Listing Agreement of the said Company with stock exchanges.

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 the 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 in all material respect 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 **SINGHI & CO.**
Chartered Accountants
Firm Reg. No. 302049E
B. K. SIPANI
Partner
Membership No. 88926

Place : New Delhi
Date : 20th May, 2011

AUDITORS' REPORT

TO THE MEMBERS OF DEEPAK SPINNERS LIMITED

We have audited the attached Balance Sheet of DEEPAK SPINNERS LIMITED, as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating, the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 purposes of our audit;
- ii. In our opinion, proper books of account as required by company law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from depots.
- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns from the depots.
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report 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 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi. *Refer Note No. 9 in Schedule 14 regarding accumulated Cenvat Credit aggregating Rs. 10,05,28 thousands, considered good by the Company due to reason stated in the above note. We are unable to comment about the extent of utilization of above Cenvat Credit in future due to uncertainty involved.*
- vii. *Subject to our inability to ascertain the financial impact, if any, due to reason given in (vi) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;*
 - a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011
 - b) In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date and
 - c) In the case of Cash Flow Statement, of the cash flow of the company for the year ended on that date.

For **SINGHI & CO.**
Chartered Accountants
Firm Reg. No. 302049E
B. K. SIPANI
Partner
Membership No. 88926

Place : New Delhi
Dated : 20th May, 2011

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re : DEEPAK SPINNERS LIMITED

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. Fixed Assets of the Company has been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - c. There is no substantial disposal of fixed assets during the year.
- (ii) a. As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. In our opinion and according to the information and explanation given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) a. According to the information and explanations given to us, during the year the Company has not granted any loan to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - b. According to the information and explanation given to us, the company has not taken any loan from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system 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 internal control system.
- (v) In our opinion and according to the information and explanations provided by the management, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposit from the public during the year.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the 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 made and maintained.
- (ix) a. 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, service tax, wealth tax, custom duty, excise duty, cess and other statutory dues applicable to it with the appropriate authorities. There is no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable *except advance Income Tax Rs 43,05 thousands*.
 - b. According to the records of the Company, there are no dues outstanding of sales tax, income tax, service tax, custom duty, wealth tax, excise duty and cess on account of any dispute except the dispute indicated in Note 10 of Schedule 14 (Notes on Accounts).

DEEPAK SPINNERS LIMITED

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash loss in current and immediately preceding year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
- (xii) According to the information and explanations given to us, the Company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable to the Company.
- (xiv) The Company does not deal or trade in shares, securities, debentures and other securities.
- (xv) According to the information and explanations given to us, the Company has not given any corporate guarantee in favour of financial institution/bank for loans taken by other.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, no term loan was obtained during the year.
- (xvii) According to the information and explanation given to us, as on balance sheet date on an overall basis, funds raised on short term basis have not been used for long term investment.
- (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) During the year the Company has not issued any debentures.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India and according to the information and explanations given to us, no fraud by the Company, noticed or reported during the year.

Place : New Delhi
Date : 20th May, 2011

For **SINGHI & CO.**
Chartered Accountants
Firm Reg. No. 302049E
B. K. SIPANI
Partner
Membership No. 88926

**BALANCE SHEET AS AT 31ST MARCH, 2011**

		(Rs. in 000's)	
		As at	As at
		31st March, 2011	31st March, 2010
		Schedule	
SOURCES OF FUNDS			
A. Shareholders' Funds			
Capital	1	7,20,11	7,20,11
Reserves & Surplus	2	<u>42,95,46</u>	36,66,91
B. Loan Funds			
Secured Loans	3	74,42,81	78,14,09
C. Deferred Tax Liabilities (Net)	4	<u>12,96,31</u>	<u>13,69,70</u>
		<u>1,37,54,69</u>	<u>1,35,70,81</u>
APPLICATION OF FUNDS			
A. Fixed Assets	5		
Gross Block		1,60,52,83	1,74,25,35
Less: Depreciation/Impairment		<u>86,95,89</u>	<u>99,22,79</u>
Net Block		73,56,94	75,02,56
Capital Work-in-Progress		<u>51,54</u>	<u>3,50,38</u>
		74,08,48	78,52,94
B. Investments	6	4,99	4,99
C. Current Assets, Loans and Advances	7		
Inventories		38,94,61	27,69,20
Sundry Debtors		23,55,60	18,11,58
Cash & Bank Balances		69,95	1,31,49
Loans & Advances		<u>23,27,99</u>	<u>21,66,09</u>
		86,48,15	68,78,36
Less: Current Liabilities and Provisions	8		
Current Liabilities		20,47,94	10,45,71
Provisions		<u>2,58,99</u>	<u>1,19,77</u>
Net Current Assets		63,41,22	57,12,88
		<u>1,37,54,69</u>	<u>1,35,70,81</u>
Notes on Accounts	14		

Schedules and Notes annexed hereto form part of these Accounts.

As per our report of even date attached.

For **SINGHI & CO.**
Chartered Accountants
Firm Reg : 302049E

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 20th May, 2011

PUNEETA ARORA
Company Secretary

For and on behalf of Board of Directors

P. K. DAGA
Chairman cum Managing Director
YASHWANT DAGA
P. K. DROLIA
VIKRAM PRAKASH
J. N. PATHAK
Directors

DEEPAK SPINNERS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

		(Rs. in 000's)	
	Schedule	Year ended 31st March, 2011	Year ended 31st March, 2010
INCOME			
Sales		2,55,32,26	2,10,26,98
Less : Excise Duty		<u>2,03,02</u>	<u>1,15,30</u>
Net Sales		2,53,29,24	2,09,11,68
Increase/(Decrease) in Stocks	9	6,87,65	(6,72,73)
Other Income	10	<u>2,19,12</u>	<u>1,44,17</u>
		<u>2,62,36,01</u>	<u>2,03,83,12</u>
EXPENDITURE			
Raw Materials Consumed	11	1,83,82,86	1,46,11,13
Manufacturing & Other Expenses	12	55,74,43	46,99,32
Financial Expenses	13	7,56,50	6,50,06
Depreciation		7,49,26	7,65,55
Impairment		—	8,50,00
		<u>2,54,63,05</u>	<u>2,15,76,06</u>
Profit/(Loss) before Exceptional Items and Tax		7,72,96	(11,92,94)
Exceptional Items		<u>70,80</u>	<u>(41,13)</u>
Profit/(Loss) before Tax		7,02,16	(12,34,07)
Provision for Taxation			
- Current		1,47,00	—
- Deferred Tax Credit		(73,39)	1,47,71
- Income Tax related to earlier year		<u>—</u>	<u>(4,96)</u>
Profit/(Loss) after Tax		6,28,55	(10,91,32)
Profit brought forward from previous year		<u>6,03,56</u>	<u>16,94,88</u>
Balance available for appropriation		<u>12,32,11</u>	<u>6,03,56</u>
Surplus carried to Balance Sheet		<u>12,32,11</u>	<u>6,03,56</u>
Basic & Diluted Earning Per Share of Rs. 10/- each (Refer Note No. 18 in Schedule 14)		Rs. 8.74	Rs. (15.18)
Notes on Accounts	14		

Schedules and Notes annexed hereto form part of these Accounts.

As per our report of even date attached.

For **SINGHI & CO.**
Chartered Accountants
Firm Reg : 302049E

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 20th May, 2011

PUNEETA ARORA
Company Secretary

For and on behalf of Board of Directors

P. K. DAGA
Chairman cum Managing Director
YASHWANT DAGA
P. K. DROLIA
VIKRAM PRAKASH
J. N. PATHAK
Directors



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31st March, 2011	(Rs. in 000's) Year ended 31st March, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit /(Loss) before Tax	70,216	(1,23,407)
Adjustment for -		
Depreciation (including impairment loss)	74,926	1,61,555
Financial Expenses	75,650	65,006
Profit on sale/discard of Fixed Assets (Net)	12,691	(1,080)
Interest on term Loan (Exceptional Items)	7,080	4,113
Interest Received	(10,612)	(7,466)
Provision for Doubtful Debts/Advances	2,165	340
Exchange Difference (Net)	(352)	1,409
Operating Profit before Working Capital Changes	2,31,764	1,00,470
Adjustment for -		
Trade & Other Receivables	(45,563)	(25,169)
Inventories	(1,12,541)	12,105
Trade Payables & Other Liabilities	1,02,625	17,533
	1,76,285	1,04,939
Direct Taxes (Paid)/Refunds	(10,171)	(1,765)
Net Cash from Operating Activities (A)	1,66,114	1,03,174
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(1,41,101)	(38,055)
Sale of Fixed Assets	73,808	8,921
Momments in Fixed Deposits	(3,048)	70
Interest received	10,605	7,460
Net Cash from Investing Activities (B)	(59,736)	(21,604)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Decrease in Long Term Borrowings	(46,578)	(76,432)
Increase in Short Term Borrowings	14,096	60,358
Interest & Financial Expenses	(82,730)	(65,006)
Net Cash from Financing Activities (C)	(1,15,212)	(81,080)
Net Increase/Decrease in Cash & Cash Equivalents (A+B+C)	(8,834)	490
Cash and Cash equivalents as at (Opening Balance)	10,958	10,468
Cash and Cash equivalents as at (Closing Balance)	2,124	10,958
Components of cash & cash equivalents		
Cash in hand	228	654
Balance with Sheduled Banks		
In Current Accounts	1,896	10,304
Unclaimed Dividend Accounts	1,452	1,849
In Margin Money Deposit*	3,000	—
Fixed Deposits Accounts*	81	82
Employees Security Deposits Accounts*	282	232
	6,939	13,121
*Excluding Interest Accrued		
Less : Fixed Deposit, Employee Security Deposit & Margin Money consider in Investing Activity & Unclaimed Dividend lying with Bank	4,815 2,124	2,163 10,958

The aforesaid Statement is prepared on Indirect Method.

As per our report of even date attached.

For **SINGHI & CO.**
Chartered Accountants
Firm Reg : 302049E

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 20th May, 2011

PUNEETA ARORA
Company Secretary

For and on behalf of Board of Directors

P. K. DAGA
Chairman cum Managing Director
YASHWANT DAGA
P. K. DROLIA
VIKRAM PRAKASH
J. N. PATHAK
Directors

DEEPAK SPINNERS LIMITED

	As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
SCHEDULE - 1		
SHARE CAPITAL		
Authorised		
80,00,000 Equity Shares of Rs. 10/- each	8,00,00	8,00,00
60,00,000 Unclassified Shares of Rs. 10/- each	<u>6,00,00</u>	<u>6,00,00</u>
	<u>14,00,00</u>	<u>14,00,00</u>
Issued & Subscribed		
72,12,868 Equity Shares of Rs. 10/- each	<u>7,21,29</u>	<u>7,21,29</u>
Paid-up		
71,89,368 Equity Shares of Rs. 10/- each fully paid up	7,18,94	7,18,94
Add : Shares forfeited	<u>1,17</u>	<u>1,17</u>
	<u>7,20,11</u>	<u>7,20,11</u>

	As at 31st March, 2010	Additions	Deductions	As at 31st March, 2011
SCHEDULE - 2				
RESERVES AND SURPLUS				
Capital Reserve :				
Central Investment Subsidy	25,75	—	—	25,75
State Investment Subsidy	10,00	—	—	10,00
Securities Premium	2,17,81	—	—	2,17,81
General Reserve	28,09,79	—	—	28,09,79
Surplus as per Profit and Loss Account	<u>6,03,56</u>	<u>12,32,11</u>	<u>6,03,56</u>	<u>12,32,11</u>
	<u>36,66,91</u>	<u>12,32,11</u>	<u>6,03,56</u>	<u>42,95,46</u>

	As at 31st March, 2011	As at 31st March, 2010
SCHEDULE - 3		
SECURED LOANS		
a. Rupee Term Loans from Bank	39,24,69	42,13,70
b. Corporate Loans from Banks :		
Rupee Loans	50,00	2,50,00
c. Working Capital Facilities	<u>34,68,12</u>	<u>33,50,39</u>
	<u>74,42,81</u>	<u>78,14,09</u>

- a. Term Loans from Banks are secured by either (a) exclusive first charge on fixed assets purchased from such loans under TUFS or (b) pari-passu charge on fixed assets other than (a) above. Same are further secured by second charge either on current assets or entire other fixed assets of the Company. These loans are further secured by personal guarantee of two Directors of the Company.
- b. Corporate loans from Banks is secured/to be secured by way of first charge on fixed assets of the Company on pari-passu basis except assets charged exclusively for term loan under TUFS. Part of Corporate Loan is also secured/to be secured by second charge on the current assets both present and future of the Company. These loans are further secured by personal guarantee of two Directors. Rupee Corporate Loan is additionally secured by pledge of part of promoters equity shares in the Company.
- c. Working capital facilities from Banks are secured by first charge on current assets both present and



future and additionally secured/to be secured by way of second charge on all fixed assets except assets charged exclusively for term loans under TUFS. The same is further secured by personal guarantee of two Directors of the Company.

Repayable within one year Rs.5,05,00 (Previous year Rs 4,89,00)

	As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
SCHEDULE - 4		
DEFERRED TAX		
Deferred Tax Liabilities		
- On Depreciation	(A) 13,65,03	18,85,29
Deferred Tax Assets		
- On Retirement Benefits	45,37	39,77
- On Unabsorbed Depreciation	—	4,61,79
- On Others	23,35	14,03
	(B) 68,72	5,15,59
Deferred Tax Liabilities (Net)	(A – B) 12,96,31	13,69,70

SCHEDULE - 5

FIXED ASSETS

(Rs. in 000's)

Description	GROSS BLOCK				DEPRECIATION				IMPAIRMENT		NET BLOCK	
	Total As at	Additions	Deductions/	Total as at	Upto	During	Deduction/	Total as on	As on	Deductions/	As at	As at
	31.03.10		Adjustments	31.03.11	31.03.10	the period	Adjustments	31.03.11	31.03.10	Adjustments	31.03.11	31.03.10
Land *	31,00	-	-	31,00	-	-	-	-	-	-	31,00	31,00
Land (lease hold)	34,45	-	-	34,45	8,25	36	-	8,61	-	-	25,84	26,20
Buildings	24,43,92	-	-	24,43,92	9,41,40	74,03	-	10,15,43	-	-	14,28,49	15,02,52
Plant & Machinery	1,41,86,26	14,15,05	27,87,87	1,28,13,44	7,67,232	6,42,10	11,11,24	72,03,18	8,27,65	8,27,65	56,10,26	56,86,29
Electrical Installation	3,94,74	37,52	48,82	3,83,44	2,77,45	16,01	10,84	2,82,62	22,35	22,35	1,00,82	94,94
Office & Other Equipments	25,17	3,94	89	28,22	18,89	1,90	63	20,16	-	-	8,06	6,28
Furniture & Fixtures	93,86	15	2,06	91,95	86,14	4,14	2,02	88,26	-	-	3,69	7,72
Vehicles **	84,20	11,97	1,51	94,66	48,59	8,57	1,43	55,73	-	-	38,93	35,61
Tubewell	49,07	-	-	49,07	7,30	80	-	8,10	-	-	40,97	41,77
Road & Culverts	82,68	-	-	82,68	12,45	1,35	-	13,80	-	-	68,88	70,23
Total	1,74,25,35	14,68,63	28,41,15	1,60,52,83	90,72,79	7,49,26	11,26,16	86,95,89	8,50,00	8,50,00	73,56,94	75,02,56
Previous Year	1,75,31,25	94,06	1,99,96	1,74,25,35	83,87,66	7,65,55	80,42	90,72,79	8,50,00	-	75,02,56	

* Deed yet to be executed in the name of Company for Rs. 2,42. (Previous year Rs. 2,42)

** Includes assets acquired under Hire Purchase Scheme for Rs. 17,46 (Previous year Rs. 17,46)

DEEPAK SPINNERS LIMITED

	As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
SCHEDULE - 6		
INVESTMENTS (Long Term) - other than Trade		
In Subsidiary Company (unquoted)		
49940 Equity Shares @ Rs. 10/- each fully paid up M/s DSL Hydrowatt Ltd.	4,99	4,99
	<u>4,99</u>	<u>4,99</u>
SCHEDULE - 7		
CURRENT ASSETS, LOANS & ADVANCES		
Inventories (Including in-transit)		
(As taken, valued & certified by the Management)		
Stores & Spares	1,81,34	2,14,34
Raw Materials	16,90,01	12,19,25
Finished Goods	17,39,15	9,73,97
Work-in-Progress	2,76,52	3,50,08
Waste/Scrap	7,59	11,56
	<u>38,94,61</u>	<u>27,69,20</u>
Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered Good	8,37	58,54
Considered Doubtful	24,80	3,47
	<u>33,17</u>	<u>62,01</u>
Other Debts	23,47,23	17,53,04
	<u>23,80,40</u>	<u>18,15,05</u>
Less: Provision for Doubtful Debts	24,80	3,47
	<u>23,55,60</u>	<u>18,11,58</u>
Cash & Bank Balances		
Cash Balances (as certified)	2,28	6,54
Balance with Scheduled Banks		
In Current Account	18,96	1,03,04
In Fixed Deposit Account		
(Pledged with Govt. Deptt. Rs. 82 Previous year Rs.82 and interest accrued Rs. 26 Previous year Rs. 16)	1,07	98
In Margin Money Deposit A/c (Including interest accrued Rs. 27) (Previous year Rs. Nil)	30,27	-
In Employees Security Deposit Account (In Fixed Deposit Account including interest accrued Rs.3 Previous year Rs.12)	2,85	2,44
In Unpaid Dividend Account	14,52	18,49
	<u>69,95</u>	<u>1,31,49</u>



	As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
SCHEDULE - 7 (CONTD.)		
Loans and Advances (unsecured, considered Good) (Advances Recoverable in Cash or in kind or for value to be received or to be adjusted)		
Advance to Employees	9,47	2,88
Advances (others) (including export benefit receivable under D.E.P.B. Scheme, Rs 94,13 (Previous year Rs. 90,80) TUFSS Subsidy Rs. 2,10,44 (Previous year Rs.1,64,77)	6,74,15	6,67,49
Considered Good	-	3,40
Considered Doubtful	6,74,15	6,70,89
Less: Provision for Doubtful Advances	-	3,40
	6,74,15	6,67,49
Advances for Capital Goods	3,62,42	1,21,19
Prepaid Expenses	12,91	6,85
Tax Payment/Tax deducted at Source (Net)	1,61,25	1,70,10
Balance with Excise Deptt. (Net)	10,05,50	11,19,39
Deposit with Govt. Deptt. and Others (including Interest Receivable Rs. 3,38 Previous year Rs. 3,59)	1,02,29	78,19
	<u>23,27,99</u>	<u>21,66,09</u>
SCHEDULE - 8		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors*		
For Goods & Expenses	18,84,92	9,26,45
Other Liabilities	37,84	40,61
Advances from and credit balances of Customers	107,26	55,85
Deposit from Selling Agents	2,00	2,00
Employees Security Deposit	1,40	2,31
Unclaimed Dividend (not due as on Balance Sheet date)	14,52	18,49
	<u>20,47,94</u>	<u>10,45,71</u>
Provisions		
Provision for Taxation (Net)	1,19,17	-
Provision for Retirement Benefits	1,39,82	1,19,77
	<u>2,58,99</u>	<u>1,19,77</u>
* Refer Note No. 11 in Schedule 14		
SCHEDULE - 9		
INCREASE/(DECREASE) IN STOCKS		
Closing Stocks		
Finished Goods	17,39,15	9,73,97
Work-in-Progress	2,76,52	3,50,08
Waste/Scrap	7,59	11,56
	<u>20,23,26</u>	<u>13,35,61</u>
Less : Opening Stocks		
Finished Goods	9,73,97	14,46,73
Work-in-Progress	3,50,08	5,54,44
Waste/Scrap	11,56	7,17
	<u>13,35,61</u>	<u>20,08,34</u>
	<u>6,87,65</u>	<u>(6,72,73)</u>

DEEPAK SPINNERS LIMITED

	Year ended 31st March, 2011	(Rs. in 000's) Year ended 31st March, 2010
SCHEDULE - 10		
OTHER INCOME		
Miscellaneous Receipts	37,77	22,28
Sundry Credit Balances/Liabilities no longer required written back	35,38	12,66
Profit on Sale/Discard of Fixed Assets (Net)	-	10,80
Bad Debts Recovered	-	4,24
Interest Received (Gross) (TDS Rs.14,33 Previous year Rs.11,54)		74,45
From Others (Including from Income Tax Deptt. Rs. 4,90)	1,01,17	21
On Deposits	<u>4,95</u>	<u>19,53</u>
Foreign Exchange Difference (Net)	<u>1,06,12</u>	<u>19,53</u>
	<u>2,19,12</u>	<u>1,44,17</u>
SCHEDULE - 11		
RAW MATERIALS CONSUMED		
Opening Stock	12,19,25	7,14,72
Add : Purchases (Net) *	1,88,75,46	1,51,15,66
	<u>2,00,94,71</u>	<u>1,58,30,38</u>
Less : Sale & Claim	21,84	-
Less : Closing Stock	16,90,01	12,19,25
Consumption**	<u>1,83,82,86</u>	<u>1,46,11,13</u>
* including Stock-in-Transit Rs. 3,32,46 Previous year Rs. 3,75,77		
** Including Dyes & Chemicals Consumed.		
SCHEDULE - 12		
MANUFACTURING AND OTHER EXPENSES		
Manufacturing Expenses		
Stores and Spares Consumed	5,44,09	6,27,98
Packing Expenses	3,25,13	2,74,94
Job Charges	71,19	66,88
Power and Fuel (Net)	22,38,96	16,81,26
Repair, Maintenance and Replacements		
Plant and Machinery	54,86	98,58
Buildings	20,53	6,14
Other Repairs	5,73	2,63
Payment to and Provision for Employees		
Salary, Wages, Bonus, Gratuity and Others	13,80,38	11,83,55
Contribution to P.F. and Other Funds	82,52	68,48
Employees Welfare (Net)	80,61	61,99
Administrative and other Expenses		
Rent	19,59	17,39
Rates and Taxes	6,59	5,20
Insurance	10,45	10,45
Travelling and Conveyance	42,95	38,09
Auditors' Remuneration	4,78	6,43
Cost Audit Fee	20	40
Directors Sitting Fee	3,78	2,08
Miscellaneous Expenses	99,29	77,92
Loss on Sale of Raw Material	3,00	-
Loss on Sale/Discard of Fixed Assets (Net) *	1,26,91	-
Bad debts & Advances Written off	33,87	33,67
Less : Provision for doubtful debts	<u>3,72</u>	<u>8,51</u>
Provision for Doubtful Debts/Advances	21,65	25,16
Donation	63	-
Selling and Distribution Expenses		
Freight and Other Handling Expenses (Net of recovery Rs. 74,00)	2,89,67	3,39,98
Commission and Brokerage	1,07,19	95,02
Other Selling Expenses	<u>3,59</u>	<u>5,37</u>
	<u>55,74,43</u>	<u>46,99,32</u>

* Net of Impairment Loss Rs. 8,50,00



**SCHEDULE - 13
FINANCIAL EXPENSES**

Interest

On Term Loans

To Bank and Others

Other Financial Expenses

	Year ended 31st March, 2011	(Rs. in 000's) Year ended 31st March, 2010
	3,57,44	3,08,53
	3,65,58	3,15,39
	33,48	26,14
	<u>7,56,50</u>	<u>6,50,06</u>

SCHEDULE - 14

NOTES ON ACCOUNTS

Nature of Operations

The Company is a manufacturing of Synthetic Man Made Yarn. It has two spinning units viz. Baddi (H.P) & Guna (M.P)

1. Significant Accounting Policies :

- i) a) Recognition of Income and Expenditure : All Income and Expenditure are accounted for on accrual basis except interest from customers and insurance claim lodged with insurance company pending for settlement are accounted for as and when received/settled due to uncertainty in realisation.
- b) Incentive in respect of export made as per the Import Export Policy is being accounted for on accrual basis.
- ii) **Use of Estimates :**
The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period.
Difference between the actual results and estimates are recognised in the period in which the results are known/ materialised.
- iii) **Fixed Assets :**
 - a) Fixed Assets are stated at their original cost(excluding cenvat, wherever taken) which includes acquisition, construction/installation and pre-operational expenses for new project as applicable. Impairment of Assets are assessed at Balance Sheet date and if any indicators of impairment exists, the same is assessed and provided for.
 - b) Depreciation has been provided on all fixed assets as per Straight Line Method at rates and manner prescribed in Schedule XIV of the Companies Act, 1956 (as amended).
 - c) Leasehold land is amortised over the period of the lease.
- iv) **Investments :**
Long term investments are stated at cost less provision for permanent diminution in value of such investment, if any.
- v) **Valuation of Inventories :**
Inventories are valued at cost or net realisable value whichever is lower except waste/scrap which is valued at estimated net realisable value .In case of Raw Materials and Stores and Spare parts cost is determined on FIFO method.
Cost in respect of work in progress and Finished Goods includes cost of purchase, cost of conversion and other appropriate overheads (including depreciation but excludes interest cost) incurred in bringing the inventories to their present location. However, materials and other items held for use in the production of inventories are not written down below cost if finished product in which they will be incorporated are expected to sold at or above cost. In view of substantially large number of items in work in progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The Company, however, physically verifies such stocks at the end of every month and valuation is made on the basis of such physical verification.
- vi) **Foreign Currencies :**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Monetary items related to foreign currencies transaction are restated at year end exchange rate. All exchange differences arising from such conversion including gain or loss on cancellation of foreign currency forward covers are included in the Profit & Loss Account. Premum/Discount on Forward Covers is recognised over the length of the contract.
- vii) **Retirement Benefits :**
 - a) Year end Liability in respect of Gratuity to Employees is provided on the basis of actuarial valuation.
 - b) Year end leave encashment benefit is provided for on the basis of actuarial valuation.
- viii) Stores and Spares issued for repairs and maintenance of assets is charged directly to Stores and Spares Consumed Account

DEEPAK SPINNERS LIMITED

ix) **Revenue Recognition :**

- a) Revenue from sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery.
- b) Net sales are exclusive of excise duty and net of sales returns, discounts, claims and rebates.
- c) Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

x) **Carbon Credit :**

Sale of Certified Emission Reductions (CERs) is recognized as income on the delivery of the CERs to the buyers's account as evidenced by the receipt of confirmation of execution of delivery instructions.

xi) **Provisions :**

A provision is recognised when an enterprises has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation ,in respect of which a reliable estimate can be made.Provisions except those disclosed elsewhere in the notes to the financial statements, are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date . These are reviewed at each balance sheet date and adjusted to reflect the current best estimates

xii) **Borrowing Cost :**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as expenses in the period in which they are incurred.

xiii) **Taxation :**

Current tax is measured at the amount expected to be paid to the revenue authorities, using the applicable tax rates and laws. Deferred tax for timing differences between the book and taxable income for the year is accounted for by using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred Tax Assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future and the same is reviewed at each Balance Sheet date.

	As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
2. Contingent Liability not provided for in respect of		
i) Bank Guarantee	1,00	2,00
ii) Demand for Excise duty, being contested by the Company* (Amount deposited Rs. 10,00, Previous year Rs.10,00)	67,61	57,08
iii) Demand for Income Tax, being contested by the Company* (Amount deposited Rs. 98,39, Previous year Rs.74,57)	1,13,31	1,13,31
iv) Legal Cases (Employees)* (Amount deposited Rs. 2,24, Previous Year Rs. 2,24)	28,29	21,00
*The management believes that the Company has a strong chance of success in these cases,hence no provision considered necessary.		
3. Capital Commitments (Net of Advance paid)	8,06,55	8,42,32
4. The Minimum Alternate Tax (MAT) provided during the year is as a provisions of section 115 JB of the Income Tax Act,1961 and same is eligible for set off in the subsequent ten assessment years as per provisions of the Income Tax Act,1961.		
5. Prior Period Expenses Rs. 3,36 (Previous Year Rs. 2) has been adjusted in Power & Fuel A/c		
6. Sales includes export incentives/benefits Rs.1,93,36 (Previous year Rs.2,69,87) and are net of returns/claims relating to earlier years amounting to Rs.Nil (Previous year Rs.1,27,42).		
7. Balances of debtors, creditors and others are subject to confirmation.		
8. Foreign currency exposure not hedged by derivative instrument or otherwise :		
	As at 31st March, 2011	As at 31st March, 2010
i) Receivable	2,48,08	1,75,46
ii) Payable	-	35,32

9. The Excise duty on Finished Goods (i.e. man made synthetic yarn) was lower than on its input which has resulted in accumulation of unutilised balance in Cenvat account. From 1st March, 2006 excise duty on input i.e. man made fibre has been reduced to be at par with finished goods. As on 31.03.2011 the accumulated cenvat credit balance is Rs. 10,05,28 (Previous Year Rs. 11,19,27). Based on export sale projections and additional duty due to value addition of yarn, the management is quite hopeful to utilise the above accumulated Cenvat credit by paying duty on export goods under claim for rebate/ refund. Hence in the opinion of the management at this stage, no provision is required for non usable excess cenvat credit, if any.
10. Particulars of disputed demands in respect of Excise Duty, Entry Tax and Income Tax which have not been deposited with concerned authorities are given below :

Name of the Statute	Nature of dues	Relating to Year	Amount	Forum where dispute is pending
Central Excise Act, 1944	Classification of Goods supplied to handloom society	1998-1999, 1999-2000	9,03	High Court, Shimla
Central Excise Act, 1944	Demand for Service Tax	2004-05 & 2005-06	4,12	High Court, Shimla
Central Excise Act, 1944	Demand for Service Tax, Penalty & Interest	2004-05 to 2007-08	54,46	Custom Excise and Service Tax Appellate Tribunal (CESTAT)
			<u>67,61*</u>	
Himachal Pradesh Tax on Entry of Goods into Local Area Act, 2010	Entry Tax	2010-2011	33,27	High Court, Shimla
Income Tax Act, 1961	Interest demand	1997-98	56,00	DCIT Kolkata
Income Tax Act, 1961	Disallowance of claim u/s 80HHC & short allowance of TDS	1998-99	10,66	CIT (Appeals) Kolkata
Income Tax Act, 1961	Disallowance of deduction under section 80 HHC	2001-02	3,18	CIT (Appeals) Kolkata
Income Tax Act, 1961	Demand for excess credit allowed u/s 115JAA	2002-03	19,74	DCIT Kolkata
Income Tax Act, 1961	Disallowance of claim under section 80HHC, 80G and Short allowance of TDS	2003-04	17,00	CIT (Appeals) Kolkata
Income Tax Act, 1961	Disallowance of claim under section 80HHC and Disallowance of expenses	2004-05	40,15	CIT (Appeals) Kolkata
Income Tax Act, 1961	Not considered Deferred Tax & FBT while computing Book Profit	2006-07	13,19	CIT (Appeals) Kolkata
Income Tax Act, 1961	Not considered Deferred Tax while computing Book Profit u/s 115JB Non-allowance of Advance Tax, Dividend Tax and Short allowance of TDS	2007-08	8,83	CIT (Appeals) Kolkata
			<u>1,13,31*</u>	

* Amount deposited of Rs. 1,08,39 against above disputed cases

In case of Income Tax dispute, related year means assessment year.

11. The company has not received any information from its suppliers regarding registered under "The Micro, Small and Medium Enterprises Development Act, 2006." Hence, the information required to be given in accordance with section 22 of the said Act, is not ascertainable and not disclosed.
12. Auditors' Remuneration represents : Audit Fee Rs. 3.05 (3,05), for Certification & other matters Rs. 77 (2,02), for Service tax Rs. 45 (52). Reimbursement of Expenses Rs. 51 (84) (Figures in brackets related to previous year).
13. Interest on term loan is net off Tuff subsidy received Rs. 2,05,79 (Previous year Rs. 2,16,93).
14. Exceptional items represents interest of Rs. 70,80 debited by a bank in current year but relating to previous year.

DEEPAK SPINNERS LIMITED

15. Managerial Remuneration paid/provided to the Executive Director of the Company for the Year include: Salary Rs. Nil (5,00) Provident Fund Rs Nil (60) Rent Rs. Nil (75) Other perquisites Rs. Nil (79) (Figures in brackets related to previous year).
16. The Company has paid Donation of Rs. 63 (including Rs. 51 paid to Chief Minister's Relief Fund, Himachal Pradesh) during the year subject to approval of Shareholders u/s 293 (e) of Companies Act, 1956.

17. Disclosure as per Accounting Standard - 15

Define Contribution Plan - (Rs. in 000's)

	31st March, 2011	31st March, 2010
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The Company has recognized the following amounts in the

Profit and Loss Account

Contribution to Employees Provident Fund	82,52	68,48
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Define Benefit Plan -

The following table set out the status of the gratuity plan as required under AS 15 (Revised 2005) :

- (a) A reconciliation of opening and closing balances of the present value of the defined benefit obligation (DBO) :

Opening DBO as on 1st April, 2010	1,23,55	1,12,61
Current Service Cost	18,34	18,07
Past Service Cost	4,07	-
Interest cost	9,88	9,01
Actuarial (gain)/loss	19,03	1,13
Benefits paid	(21,02)	(17,27)
Closing DBO as on 31st March, 2011	1,53,85	1,23,55

A reconciliation of opening and closing balances of the fair value of plan assets :

Opening fair value of plan assets	48,52	37,58
Expected return	4,44	3,43
Actuarial gain/(loss)	(32)	2
Contribution by the employer	20,12	24,76
Benefits paid	(21,02)	(17,27)
Closing fair value of plan assets	51,74	48,52

A reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets recognized in the Balance Sheet :

Present value of defined benefit obligation at the end of the period	1,53,85	1,23,55
Less : Fair value of the plan assets at the end of the year	51,74	48,52
Liability recognized in the Balance Sheet	1,02,11	75,03

The total expense recognised in the Profit and Loss Account :

Current service cost	18,34	18,07
Past Service Cost	4,07	-
Interest cost	9,88	9,01
Expected return on plan assets	(4,44)	(3,44)
Actuarial (gains)/loss	19,35	1,11
Net Gratuity cost	47,20	24,75

For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the total plan assets :

Qualifying Insurance Policy	100%	100%
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The Gratuity Scheme is invested in a Group Gratuity-cum-Life Assurance Cash Accumulation Policy offered by Life Insurance Corporation (LIC) of India.

The information on the allocation of the fund into major asset classes and expected return on each major class are not available.



Following are the Principal Actuarial Assumptions used as at the Balance Sheet date :

Discount rate	8.00%	8.00%
Expected rates of return on any plan assets	9.15%	9.15%
Average Salary escalation rate	5.00%	5.00%

The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

(Rs in '000)

18. Earning Per Share

	Current Year	Previous Year
Profit/(Loss) after tax as per Profit & Loss Account	6,28,55	(10,91,32)
Basic & weighted average number of Equity Shares of Rs. 10/- each	71,89,368	71,89,368
Basic & Diluted earning per share in Rs.	8.74	(15.18)

19. Segment reporting :

- As per guidelines contain in AS 17 (Segment reporting), the Company is operating in a single segment mainly in manufacture and sale of yarn.
- Secondary Segment is geographical Segment which includes export sales (including export incentive) Rs. 24,50,76 (Previous year Rs. 33,99,16) and domestic sales Rs. 2,30,81,50 (Previous year Rs.1,76,27,82). All assets of the Company are located in India except export debtors Rs. 2,48,08 (Previous year Rs. 1,75,46).

20. Related Party Disclosure :

a) List of related parties and relationship

A) Subsidiary : DSL Hydrowatt Ltd.

B) Key Management personnel and their relatives :

- Sh. P. K. Daga Managing Director (w.e.f. 16.04.2010)
- Sh. Shantanu Daga, (Grand Son), Management Executive (w.e.f. 01.06.2010)
- Sh. V. N. Khemka, Executive Director & CEO (upto 31st Aug, 2009)
- Smt. Sulochana Khemka (Wife) (upto 31st Aug, 2009)

b) Related Party Transaction

Transaction	Key Management personnel		Relatives of Key Management personnel	
	Current Year	Previous Year	Current Year	Previous Year
i) Remuneration	-	7,14*	6,00	-
ii) Rent	-	-	-	1,25

*Includes rent Rs. Nil (Previous year Rs. 75) also included in the remuneration to Key Management personnel.

21. Additional information pursuant to the provisions of 3 & 4 of part II of Schedule VI to the Companies Act, 1956 :

A) Quantitative Information

	Current Year	Previous Year
i) Installed Capacity (As Certified by the Management) (Licensed Capacity not applicable)	57,504 spindles	57,408 spindles
ii) Actual Production, Turnover & Stock		

Item	Unit	Opening Stock		Production	Sales		Closing Stock	
		As at 01.04.10					As at 31.03.2011	
		Qty.	Amount		Qty.	Qty.**	Amount	Qty.
Yarn	Kg	7,90,275	9,73,97	1,77,47,262 !!	1,74,36,020	2,55,32,26\$	11,01,517	17,39,15
		(14,80,617)	(14,46,73)	(1,74,97,202) !!	(1,81,87,544)	(2,10,26,98\$)	(7,90,275)	(9,73,97)

!! Excludes 14,940 Kg. (16314 Kg.) for reprocessing.

\$ Includes waste sale Rs. 1,11,62 (Rs.1,13,32)

** including sample etc.

(Figures in brackets relate to previous year.)

DEEPAK SPINNERS LIMITED

	Current year		Previous year	
	Kg.	(Rs. in 000's)	Kg.	(Rs. in 000's)
B) Raw Materials Consumed				
Cellulosic & Non Cellulosic Fibres	18380739	1,80,28,60	18354595	1,43,09,89
Dyes & Chemicals	-	3,54,26	-	3,01,24
		<u>1,83,82,86</u>		<u>1,46,11,13</u>
C) Value of Import on CIF basis				
Raw Materials		-		25,36
Stores & Spares		26,72		19,90
Capital Goods		4,55,63		1,98,22
D) Value of Raw Materials Consumed	Rs.	%	Rs.	%
IMPORTED	3,31	0.02	22,22	0.15
INDIGENOUS	1,83,79,55	99.98	1,45,88,91	99.85
	<u>1,83,82,86</u>	<u>100.00</u>	<u>1,46,11,13</u>	<u>100.00</u>
E) Value of Stores & Spare parts Consumed *				
IMPORTED	27,30	5.02	16,24	2.59
INDIGENOUS	5,16,79	94.98	6,11,74	97.41
	<u>5,44,09</u>	<u>100</u>	<u>6,27,98</u>	<u>100</u>
* Excluding debited to other heads of account				
F) Expenditure in Foreign Currency		Current Year		Previous Year
Travelling		-		73
Commission		8,65		17,56
Legal & Professional charges.		5,15		-
G) Non Resident shareholders etc.				
a) Number of Non Resident shareholders		423		433
b) Number of shares held by them		146460		154979
c) Amount of Dividend for the Year 2009-2010 not declared		-		-
d) Amount remitted in foreign currency		-		-
H) FOB Value of exports (Net)		22,55,62		31,14,31

22. Previous Year's figures have been regrouped and re-arranged wherever found necessary to confirm with current period's classification.

As per our report of even date attached.

For **SINGHI & CO.**
Chartered Accountants
Firm Reg : 302049E

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 20th May, 2011

PUNEETA ARORA
Company Secretary

For and on behalf of Board of Directors

P. K. DAGA
Chairman cum Managing Director
YASHWANT DAGA
P. K. DROLIA
VIKRAM PRAKASH
J. N. PATHAK
Directors



**BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE AS REQUIRED
IN PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

I. Registration Details

Registration No.	L17111HP1982PLC-016465	State Code	06
Balance Sheet Date	31st March, 2011		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Pvt. Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	1,37,54,69	Total Assets	1,37,54,69
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Sources of Funds

Paid up Capital	7,20,11	Secured Loans	74,42,81
Reserve & Surplus	42,95,46	Unsecured Loans	Nil
		Deferred Tax Liabilities	12,96,31

Application of Funds

Net Fixed Assets	74,08,48	Investments	4,99
Net Current Assets	63,41,22	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover and other Income	2,57,51,38	Total Expenditure	2,50,49,22
Profit/Loss before Tax	7,02,16	Profit/Loss after Tax	6,28,55
Earning per Share in (Rs.)	8.74	Dividend Rate (%)	Nil

V. Generic Names of Three Principal Products/Services of Company
(As per Monetary terms)

Item Code No. (ITC CODE)	5509
Product Description	Yarn of Synthetic Staple Fibre

For and behalf of Board of Directors

P. K. DAGA
Chairman cum Managing Director

YASHWANT DAGA
P. K. DROLIA
VIKRAM PRAKASH
J. N. PATHAK
Directors

Place : New Delhi
Date : 20th May, 2011

PUNEETA ARORA
Company Secretary

DEEPAK SPINNERS LIMITED

Auditors' Report to the Board of Directors of Deepak Spinners Limited on the Consolidated Financial Statement of Deepak Spinners Limited and its Subsidiary

1. We have audited the attached Consolidated Balance Sheet of Deepak Spinners Limited and its Subsidiary Company as at 31st March, 2011 and also the Consolidated Profit and Loss account and the Consolidated Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respect, in accordance with and identified reporting frame work and are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Subsidiary Company DSL Hydrowatt Ltd. whose financial statements reflects total assets of Rs. 86,34,71 thousands as at 31st March, 2011 and total revenue of Rs. 12,70,63 thousands for the period then ended. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion is based solely on the report of other auditor.
4. We report that the consolidated financial statements have been prepared by the company management in accordance with requirement of Accounting Standard (AS) 21 'Consolidated Financial Statements' issued under the Companies Accounting Standard Rules, 2006 and on the basis of the separate financial statements of Deepak Spinners Limited and its subsidiary company included in the consolidated financial statements.
5. (a) *Refer Note No. 09 in the schedule 15 regarding accumulated Cenvat credit agreement Rs. 10,05,28 thousands, considered good by the Company due to reason stated in the above note .We are unable to comment about the extent of utilization of above Cenvat credit in future due to uncertainly involved.*
6. *Subject to our inability to ascertain the financial impact, if any, due to reason given in 5(a) above, based on our audit on consideration of report of other auditor on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.*
 - a) The Consolidation Balance Sheet gives a true and fair view of the consolidated state of affairs of Deepak Spinners Limited and its subsidiary as at 31st March, 2011 and
 - b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Deepak Spinners Limited and its subsidiary for the period ended on that date.
 - c) The Consolidated Cash Flow Statement, gives a true and fair view of the consolidated results of operations of Deepak Spinners Limited and its subsidiary for the period ended on that date.

For **SINGHI & CO.**
Chartered Accountants
Firm Reg: 302049E

B. K. Sipani
Partner
Membership No. 88926

Place : New Delhi
Dated : 20th May, 2011

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011**

		(Rs. in 000's)	
		As at	As at
		31st March, 2011	31st March, 2010
SOURCES OF FUNDS	Schedule		
A. Shareholders' Funds			
Capital	1	7,20,11	7,20,11
Reserves & Surplus	2	<u>46,28,46</u>	<u>53,48,57</u>
			38,78,56
B. Loan Funds			
Secured Loans	3	1,23,80,69	1,19,37,38
Unsecured Loans	4	7,29,71	9,50,99
C. Minority Interest		3,24,73	2,19,79
D. Deferred Tax Liabilities (Net)	5	<u>12,82,29</u>	<u>13,55,68</u>
		<u>2,00,65,99</u>	<u>1,90,62,51</u>
APPLICATION OF FUNDS			
A. Fixed Assets	6		
Gross Block		2,47,79,63	2,15,80,43
Less : Depreciation/Impairment		<u>94,01,66</u>	<u>1,03,10,94</u>
Net Block		1,53,77,97	1,12,69,49
Capital Work-in-Progress		<u>51,54</u>	<u>31,52,99</u>
		1,54,29,51	1,44,22,48
B. Current Assets, Loans and Advances	7		
Inventories		39,35,63	27,74,33
Sundry Debtors		25,36,17	18,97,88
Cash & Bank Balances		1,97,79	1,87,87
Loans & Advances		<u>24,89,19</u>	<u>21,86,90</u>
		91,58,77	70,46,98
Less : Current Liabilities and Provisions	8		
Current Liabilities		42,44,76	22,68,58
Provisions		<u>2,77,53</u>	<u>1,38,37</u>
Net Current Assets		46,36,48	46,40,03
C. Miscellaneous Expenditure	9		
(to the extent not written off or adjusted)		-	-
		<u>2,00,65,99</u>	<u>1,90,62,51</u>
Notes on Accounts	15		

Schedules and Notes annexed hereto form part of these Accounts.

As per our report of even date attached.

For **SINGHI & CO.**
Chartered Accountants
Firm Reg : 302049E

B. K. SIPANI
Partner
Membership No. 88926

Place : New Delhi
Date : 20th May, 2011

PUNEETA ARORA
Company Secretary

For and on behalf of Board of Directors

P. K. DAGA
Chairman cum Managing Director

YASHWANT DAGA
P. K. DROLIA
VIKRAM PRAKASH
J. N. PATHAK
Directors

DEEPAK SPINNERS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

			(Rs. in 000's)
	Schedule	Year ended 31st March, 2011	Year ended 31st March, 2010
INCOME			
Sales		2,67,82,75	2,17,01,70
Less : Excise Duty		<u>2,03,02</u>	<u>1,15,29</u>
Net Sales		2,65,79,73	2,15,86,41
Increase/(Decrease) in Stocks	10	6,87,65	(6,72,73)
Other Income	11	<u>2,39,25</u>	<u>1,37,07</u>
		<u>2,75,06,63</u>	<u>2,10,50,75</u>
EXPENDITURE			
Raw Materials Consumed	12	1,83,82,86	1,46,11,13
Manufacturing & Other Expenses	13	57,59,34	48,30,28
Interest & Financial Expenses	14	12,26,02	9,27,60
Depreciation/Impairment		<u>10,66,88</u>	<u>18,72,28</u>
		<u>2,64,35,10</u>	<u>2,22,41,29</u>
Profit/(Loss) before Exceptional Items and Tax		10,71,53	(11,90,54)
Exceptional Items		<u>(70,80)</u>	<u>(41,13)</u>
Profit/(Loss) before Tax		10,00,73	(12,31,67)
Provision for Taxation			
Current		(2,07,05)	(17,40)
Fringe Benefit for earlier year		—	(2,35)
Deferred Tax Credit		73,39	1,61,73
Income tax related to earlier year		—	(4,96)
Profit / (Loss) after Tax		<u>8,67,07</u>	<u>(10,94,65)</u>
(Less)/Add : Share of Minority Interest in profit/(loss)		<u>1,10,87</u>	<u>(1,63)</u>
		7,56,20	(10,93,02)
Profit brought forward from previous year		<u>6,33,52</u>	<u>17,38,66</u>
Balance available for appropriation		13,89,72	6,45,64
Proposed Preference Dividend		10,36	10,36
Dividend Distribution Tax (On Equity and Preference Dividend)		<u>1,88</u>	<u>1,76</u>
Surplus carried to Balance Sheet		<u>13,77,48</u>	<u>6,33,52</u>
Basic & Diluted Earning Per Share of Rs. 10/- each (Refer Note No. 13 in Schedule 15)		Rs. 10.52	Rs. (15.20)

Notes on Accounts 15
Schedules and Notes annexed hereto form part of these Accounts.

As per our report of even date attached.

For **SINGHI & CO.**
Chartered Accountants
Firm Reg : 302049E

B. K. SIPANI
Partner
Membership No. 88926

Place : New Delhi
Date : 20th May, 2011

PUNEETA ARORA
Company Secretary

For and on behalf of Board of Directors

P. K. DAGA
Chairman cum Managing Director

YASHWANT DAGA
P. K. DROLIA
VIKRAM PRAKASH
J. N. PATHAK
Directors



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	Year ended 31st March, 2011	Year ended 31st March, 2010
		(Rs. in 000's)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before Tax	10,00,73	(12,31,67)
Adjustment for-		
Depreciation(including impairment loss)	10,66,88	18,72,28
Financial Expenses	12,26,02	9,27,60
Profit on sale/discard of Fixed Assets (Net)/Assets written off	1,26,91	(3,24)
Interest on term Loan (Exceptional Items)	70,80	41,13
Misc. Expenditure written off	—	10,89
Interest Received	(1,10,36)	(75,12)
Provision for Doubtful Debts/Advances	26,43	3,40
Exchange Difference (Net)	(3,52)	14,09
Operating Profit before Working Capital Changes	34,03,89	15,59,36
Adjustment for -		
Trade & Other Receivables	(6,97,50)	(1,68,99)
Inventories	(11,61,29)	1,21,11
Trade Payables & Other Liabilities	11,60,66	2,56,83
	<u>27,05,76</u>	<u>17,68,31</u>
Direct Taxes (Paid)/Refunds	(99,39)	(27,65)
Net Cash from Operating Activities	(A) 26,06,37	17,40,66
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(31,80,12)	(25,92,94)
Sale of Fixed Assets	7,38,08	95,39
Movements in Fixed Deposits	(59,65)	(12,98)
Interest received	1,10,24	77,20
	<u>(23,91,45)</u>	<u>(24,33,33)</u>
Net Cash from Investing Activities	(B) (23,91,45)	(24,33,33)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Long Term Borrowings	81,43	2,49,28
Increase/(Decrease) in Working Capital facilities	1,40,59	5,91,04
Interest & Financial Expenses	(12,96,82)	(9,29,79)
Dividend Paid	(16,21)	—
Proceeds from issue of Preference Share Capital	8,30,00	7,70,00
	<u>(2,61,01)</u>	<u>6,80,53</u>
Net Cash from Financing Activities	(C) (2,61,01)	6,80,53
Net Increase/Decrease in Cash & Cash Equivalents	(A+B+C) (46,09)	(12,14)
Cash and Cash equivalents as at (Opening Balance)	<u>1,52,38</u>	<u>1,64,52</u>
Cash and Cash equivalents as at (Closing Balance)	<u>1,06,29</u>	<u>1,52,38</u>
Components of cash & cash equivalents		
Cash in hand	4,92	10,30
Balance with Scheduled Banks		
In Current Accounts	1,01,37	1,42,08
Unclaimed Dividend Accounts	14,52	18,49
In Margin Money Deposit *	30,00	—
Fixed Deposits Accounts*	43,60	14,40
Employees Security Deposits Accounts*	2,82	2,32
	<u>1,97,23</u>	<u>1,87,59</u>
*Excluding Interest Accrued		
Less : Fixed Deposit, Employee Security Deposit & Margin Money consider in Investing Activity & Unclaimed Dividend lying with Bank	<u>90,94</u>	<u>35,21</u>
	<u>1,06,29</u>	<u>1,52,38</u>

The aforesaid Statement is prepared on Indirect Method.

As per our report of even date attached.

For **SINGHI & CO.**
Chartered Accountants
Firm Reg : 302049E

B. K. SIPANI
Partner
Membership No. 88926

Place : New Delhi
Date : 20th May, 2011

PUNEETA ARORA
Company Secretary

For and on behalf of Board of Directors

P. K. DAGA
Chairman cum Managing Director
YASHWANT DAGA
P. K. DROLIA
VIKRAM PRAKASH
J. N. PATHAK
Directors

DEEPAK SPINNERS LIMITED

SCHEDULE - 1

	As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
SHARE CAPITAL		
Authorised		
80,00,000 Equity Shares of Rs. 10/- each	8,00,00	8,00,00
60,00,000 Unclassified Shares of Rs. 10/- each	6,00,00	6,00,00
	14,00,00	14,00,00
Issued & Subscribed		
72,12,868 Equity Shares of Rs. 10/- each	7,21,29	7,21,29
	7,21,29	7,21,29
Paid-up		
71,89,368 Equity Shares of Rs. 10/- each fully paid up	7,18,94	7,18,94
Add : Shares Forfeited	1,17	1,17
	7,20,11	7,20,11

SCHEDULE - 2

RESERVES AND SURPLUS

Capital Reserve :		
Central Investment Subsidy	25,75	25,75
State Investment Subsidy	10,00	10,00
MNRES Subsidy	1,81,69	1,81,69
Securities Premium	2,17,81	2,17,81
General Reserve	28,15,73	28,09,79
Surplus as per Profit and Loss Account	13,77,48	6,33,52
	46,28,46	38,78,56

SCHEDULE - 3

SECURED LOANS

a) Rupee Term Loans from Banks	87,81,22	82,73,96
b) Other Term Loan from Bank	-	-
c) Corporate Loans from Banks :		
Foreign Currency Loans	-	-
Rupee Loans	50,00	2,50,00
d) Working Capital Facilities	35,34,91	33,94,32
e) Others	14,56	19,10
	1,23,80,69	1,19,37,38

a) Term Loans from Banks are secured by either (a) exclusive first charge on fixed assets purchased from such loans under TUFS or (b) pari-passu charge on fixed assets other than (a) above. Same are further secured by second charge either on current assets or entire other fixed assets of the Company. These loans are further secured by personal guarantee of two Directors of the Company. In case of Subsidiary Company Term loan are secured by way of first and exclusive charge against all movable and immovable properties (including current assets) of the Company, both present and future.

b) Corporate loans from Banks is secured/to be secured by way of first charge on fixed assets of the Company on pari-passu basis except assets charged exclusively for term loan under TUFS. Part of Corporate Loan is also secured/to be secured by second charge on the current assets both present and future of the Company. These loans are further secured by personal guarantee of two Directors. Rupee Corporate Loan is additionally secured by pledge of part of promoters equity shares in the Company.

c) Working capital facilities from Banks are secured by first charge on current assets both present and future and additionally secured/to be secured by way of second charge on all fixed assets except assets charged exclusively for term loans under TUFS. The same is further secured by personal guarantee of two Directors of the Company. In case of subsidiary Company working capital are secured against hypothecation of stock of consumables and sundry debtors of the Company.

Repayable within one year Rs. 5,05,00 (Previous year Rs. 4,89,00)

SCHEDULE - 4

	As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
UNSECURED LOANS		
From Body Corporates	7,29,71	9,50,99
	7,29,71	9,50,99


SCHEDULE - 5

		As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
DEFERRED TAX			
Deferred Tax Liabilities			
– On Depreciation	(A)	<u>13,65,03</u>	<u>18,85,29</u>
Deferred Tax Assets			
– On Retirement Benefits		45,37	39,77
– On Unabsorbed Depreciation		14,02	4,61,79
– On Others		<u>23,35</u>	<u>28,05</u>
	(B)	<u>82,74</u>	<u>5,29,61</u>
Deferred Tax Liabilities (Net)	(A-B)	<u>12,82,29</u>	<u>13,55,68</u>

SCHEDULE - 6
FIXED ASSETS

Description	Gross Block				Depreciation				Impairment		Net Block	
	Total As at# 31.03.10	Additions	Deductions/ Adjustments	Total as at 31.03.11	Upto# 31.03.10	During the year	Deductions/ Adjustments	Total as on 31.03.11	As on 31.03.10	Deductions/ Adjustments	As at 31.03.11	As at# 31.03.10
Land *	87,94	49,35	-	1,37,29	-	-	-	-	-	-	1,37,29	87,94
Land (lease hold)	1,27,59	13,13	-	1,40,72	15,15	3,03	-	18,18	-	-	1,22,54	1,12,44
Buildings	28,14,03	21,19,89	-	49,33,92	9,60,68	1,23,24	-	10,83,92	-	-	38,50,00	18,53,35
Plant & Machinery	1,77,74,36	37,91,60	27,87,87	1,87,78,09	80,28,19	9,04,43	11,11,24	78,21,38	8,27,65	8,27,65	1,09,56,71	89,18,52
Electrical Installation Office & Other	3,94,74	37,52	48,83	3,83,43	2,77,45	16,01	10,84	2,82,62	22,35	22,35	1,00,81	94,94
Equipments	27,91	4,43	88	31,46	19,29	2,02	63	20,68	-	-	10,77	8,62
Furniture & Fixtures	96,48	7,28	2,06	1,01,70	86,98	4,49	2,02	89,45	-	-	12,25	9,50
Vehicles **	1,25,64	17,14	1,51	1,41,27	53,45	11,51	1,43	63,53	-	-	77,74	72,19
Tubewell	49,07	-	-	49,07	7,30	80	-	8,10	-	-	40,97	41,77
Road & Culverts	82,68	-	-	82,68	12,45	1,35	-	13,80	-	-	68,89	70,23
Total	2,15,80,44	60,40,34	28,41,15	2,47,79,63	94,60,94	10,66,88	11,26,16	94,01,66	8,50,00	8,50,00	1,53,77,97	1,12,69,50
Previous Year	2,16,04,51	1,94,83	2,18,91	2,15,80,44	85,24,68	10,21,89	85,63	94,60,94	8,50,00	-	1,12,69,50	1,30,79,83

* Deed yet to be executed in the name of Company for Rs. 2.42 (Previous year Rs. 2.42)

** Includes assets acquired under Hire Purchase Scheme for Rs. 17.46 (Previous year Rs. 17.46)

Assets as on 01.04.2010 has been reclassified based on the audited accounts of DSL HYDROWATT LTD. and accordingly Depreciation as on 31.03.2011 & Net Block as on 31.03.2011 has been reclassified.

SCHEDULE - 7

	As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
CURRENT ASSETS, LOANS & ADVANCES :		
Inventories (Including in-transit)		
(As taken, valued & certified by the Management)		
Stores & Spares	2,22,35	2,19,47
Raw Materials	16,90,01	12,19,25
Finished Goods	17,39,15	9,73,97
Work-in-Progress	2,76,52	3,50,08
Waste/Scrap	<u>7,59</u>	<u>11,56</u>
	<u>39,35,63</u>	<u>27,74,33</u>
Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered Good	8,37	58,54
Considered Doubtful	<u>24,80</u>	<u>3,47</u>
	33,17	62,01
Less: Provision for Doubtful Debts	<u>24,80</u>	<u>3,47</u>
	8,37	58,54
Other Debts	<u>25,27,80</u>	<u>18,39,34</u>
	<u>25,36,17</u>	<u>18,97,88</u>

DEEPAK SPINNERS LIMITED

SCHEDULE - 7

	As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
CASH & BANK BALANCES		
Cash Balances (as certified)	4,92	10,30
Balance with Scheduled Banks		
In Current account	1,01,37	1,42,08
In Fixed Deposit Account (Pledged with Govt. Deptt. Rs.87 Previous year Rs.87 and interest accrued Rs.32 Previous year Rs.16)	43,86	14,56
In Margin Money Deposit Account (Including interest accrued Rs. 27 Previous year Rs. Nil)	30,27	-
In Employees Security Deposit account (In Fixed Deposit Account including interest accrued Rs.3 Previous year Rs.12)	2,85	2,44
In Unpaid Dividend Account	14,52	18,49
	1,97,79	1,87,87
Loans and Advances (unsecured, considered Good) (Advances Recoverable in Cash or in kind or for value to be received or to be adjusted)		
Advance to Employees	9,47	2,88
Advances (others) (including export benefit receivable under D.E.P.B. Scheme, Rs. 94,13 (Previous year Rs. 90,80) TUFs Subsidy Rs.2,10,44 (Previous year Rs.1,64,77)		
Considered Good	8,31,00	6,74,03
Considered Doubtful	-	3,40
	8,31,00	6,77,43
Less: Provision for Doubtful Advances	-	3,40
	8,31,00	6,74,03
Advances for Capital Goods	3,62,42	1,21,19
Prepaid Expenses	12,91	6,85
Tax Payment/Tax deducted at Source (Net)	1,59,46	1,79,24
Balance with Excise Deptt. (Net)	10,05,50	11,19,39
Deposit with Govt. Deptt. and Others (including Interest Receivable Rs. 3,38 Previous year Rs. 3,59)	1,08,43	83,32
	24,89,19	21,86,90

SCHEDULE - 8

CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Sundry Creditors*		
For Goods & Expenses	22,02,53	11,05,62
Other Liabilities	44,35	41,61
Sundry Debtors Credit Balances	1,07,26	55,85
Deposit from Selling Agents	2,00	2,00
Employees Security Deposit	1,40	2,31
Unclaimed Dividend (not due as on Balance Sheet date)	14,52	18,49
Preference Shareholders of Subsidiary Company	18,72,70	10,42,70
	42,44,76	22,68,58

Provisions

Provision for Taxation	1,19,17	-
Proposed Dividend on Preference Share	10,36	10,36
Dividend Distribution Tax on Preference and Equity Share	1,88	1,76
Provision for Retirement Benefits	1,46,12	1,26,25
	2,77,53	1,38,37

* Refer Note No.12 in Schedule 15



SCHEDULE - 9

	As at 31st March, 2011	(Rs. in 000's) As at 31st March, 2010
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Deferred Revenue Expenditure	-	10,89
Preliminary Expenses	-	-
Less: Written off during the year	-	10,89
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	Year ended 31st March, 2011	Year ended 31st March, 2010

SCHEDULE - 10

INCREASE/(DECREASE) IN STOCKS

Closing Stocks

Finished Goods	17,39,15	9,73,97
Work-in-Progress	2,76,52	3,50,08
Waste/Scrap	7,59	11,56
	<u>20,23,26</u>	<u>13,35,61</u>
Less : Opening Stocks		
Finished Goods	9,73,97	14,46,73
Work-in-Progress	3,50,08	5,54,44
Waste/Scrap	11,56	7,17
	<u>13,35,61</u>	<u>20,08,34</u>
	<u>6,87,65</u>	<u>(6,72,73)</u>

SCHEDULE - 11

OTHER INCOME

Miscellaneous Receipts	52,90	22,28
Sundry Credit Balances/Liabilities no longer required written back	36,14	12,66
Profit on Sale/Discard of Fixed Assets (Net)	-	3,24
Bad debts Recovered	-	4,24
Interest Received (Gross) (TDS Rs. 14,33 Previous year Rs. 11,83)		
From Others (Including Income Tax Deptt. Rs. 4,90)	1,01,17	74,45
On Deposits	9,19	67
Foreign Exchange Difference (Net)	39,85	19,53
	<u>2,39,25</u>	<u>1,37,07</u>

SCHEDULE - 12

RAW MATERIALS CONSUMED

Opening Stock	12,19,25	7,14,72
Add : Purchases (Net)*	1,88,75,46	1,51,15,66
	<u>2,00,94,71</u>	<u>1,58,30,38</u>
Less : Sales & Claims	21,84	-
Less : Closing Stock	16,90,01	12,19,25
Consumption**	<u>1,83,82,86</u>	<u>1,46,11,13</u>

* including Stock-in-Transit Rs. 3,32,46 (Previous year Rs.3,75,77)

** Including Dyes & Chemicals consumed.

DEEPAK SPINNERS LIMITED

(Rs. in 000's)

	Year ended 31st March, 2011	Year ended 31st March, 2010
SCHEDULE - 13		
MANUFACTURING AND OTHER EXPENSES		
Manufacturing Expenses		
Stores and Spares Consumed	5,08,21	6,29,02
Packing Expenses	3,25,13	2,74,94
Job Charges	71,19	66,88
Power and Fuel (Net)	22,38,96	16,81,26
Repair, Maintenance and Replacements :		
Plant and Machinery	58,75	1,05,93
Buildings	20,53	6,14
Other Repairs	5,73	3,04
Payment to and Provision for Employees		
Salary, Wages, Bonus, Gratuity and Others	14,92,81	12,39,36
Contribution to P.F. and Other Funds	83,02	68,99
Employees Welfare (Net)	81,98	62,57
Administrative and other Expenses		
Rent	22,16	19,96
Rates and Taxes	25,57	5,20
Insurance	19,55	14,65
Travelling and Conveyance	63,77	41,20
Auditors' Remuneration	5,61	7,53
Cost Audit Fee	20	40
Directors Sitting Fee	3,78	20,8
Miscellaneous Expenses	1,43,60	1,32,10
Loss on Sale of Raw Material	3,00	-
Loss on Sale/Discard of Fixed Assets (Net)*	1,26,91	-
Foreign Exchange Fluctuation Loss (Net)	-	-
Bad debts & Advances Written off	33,87	33,76
Less: Provision for doubtful debts	3,72	8,50
Provision for Doubtful Debts/Advances	21,65	3,40
Donation	6,63	-
Selling and Distribution Expenses		
Freight and Other Handling Expenses (Net of recovery Rs.74,00)	2,89,67	3,39,98
Commission and Brokerage	1,07,19	95,02
Other Selling Expenses	3,59	5,37
	57,59,34	48,30,28
* Net of Impairment Loss Rs. 8,50,00		

SCHEDULE - 14

INTEREST & FINANCIAL EXPENSES

Interest

On Term Loans	8,12,03	5,78,52
To Bank and Others	3,79,13	3,21,02
Other Financial Expenses (Net)	34,86	28,06
	12,26,02	9,27,60

SCHEDULE - 15

CONSOLIDATED NOTES ON ACCOUNTS

1. PRINCIPLES OF CONSOLIDATION

- a) The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, and the Accounting Standard issued under the Companies Accounting Standard Rules, 2006.
- b) Consolidated Financial Statements relates to Deepak Spinners Limited, the Company and its Subsidiary.
The Consolidated Financial Statements are in conformity with the AS-21 issued under the Companies Accounting Standard Rules, 2006 and are prepared on the following basis :
 - i) The financial statements of the Company and its subsidiary have been combined on a line by line basis by adding together the book values of like items of assets , liabilities , income and expenses after fully eliminating inter company balances and transactions.
 - ii) The consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.
 - iii) Minority interest in the consolidated financial statements is identified and recognised after taking into consideration the amount of equity attributable to minority at date on which investments in subsidiary is made.

2. Significant Accounting Policies :

- i) a) Recognition of Income and Expenditure : All Income and Expenditure are accounted for on accrual basis except interest from customers and insurance claim lodged with insurance company pending for settlement are accounted for as and when received/settled due to uncertainty in realisation.
b) Incentive in respect of export made as per the Import Export Policy is being accounted for on accrual basis.
- ii) **Use of Estimates :**
The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period.
Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.
- iii) **Fixed Assets :**
 - a) Fixed Assets are stated at their original cost(excluding cenvat, wherever taken) which includes acquisition, construction/ installation and pre-operational expenses for new project as applicable. Impairment of Assets are assessed at Balance Sheet date and if any indicators of impairment exists, the same is assessed and provided for.
 - b) Depreciation has been provided on all fixed assets as per Straight Line Method at rates and manner prescribed in Schedule XIV of the Companies Act, 1956 (as amended).
 - c) Leasehold land is amortised over the period of the lease.
- iv) **Investments :**
Long term investments are stated at cost less provision for permanent diminution in value of such investment, if any.
- v) **Valuation of Inventories :**
Inventories are valued at cost or net realisable value whichever is lower except waste/scrap which is valued at estimated net realisable value .In case of Raw Materials and Stores and Spare parts cost is determined on FIFO method.
Cost in respect of work in progress and Finished Goods includes cost of purchase, cost of conversion and other appropriate overheads (including depreciation but excludes interest cost) incurred in bringing the inventories to their present location. However, materials and other items held for use in the production of inventories are not written down below cost if finished product in which they will be incorporated are expected to sold at or above cost. In view of substantially large number of items in work in progress, it is not feasible to maintain the status of movement of each item at shop floor on perpetual basis. The Company, however, physically verifies such stocks at the end of every month and valuation is made on the basis of such physical verification.
- vi) **Foreign Currencies :**
Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

DEEPAK SPINNERS LIMITED

Monetary items related to foreign currencies transaction are restated at year end exchange rate. All exchange differences arising from such conversion including gain or loss on cancellation of foreign currency forward covers are included in the Profit & Loss Account. Premium/Discount on Forward Covers is recognised over the length of the contract.

- vii) **Retirement Benefits :**
- a) Year end Liability in respect of Gratuity to Employees is provided on the basis of actuarial valuation.
 - b) Year end leave encashment benefit is provided for on the basis of actuarial valuation.
- viii) Stores and Spares issued for repairs and maintenance of assets is charged directly to Stores and Spares Consumed Account
- ix) **Revenue Recognition :**
- a) Revenue from sales is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with the delivery.
 - b) Net sales are exclusive of excise duty and net of sales returns, discounts, claims and rebates.
 - c) Revenue (other than sale) is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- x) **Carbon Credit :**
- Sale of Certified Emission Reductions (CERs) is recognized as income on the delivery of the CERs to the buyers's account as evidenced by the receipt of confirmation of execution of delivery instructions.
- xi) **Provisions :**
- A provision is recognised when an enterprises has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation ,in respect of which a reliable estimate can be made.Provisions except those disclosed elsewhere in the notes to the financial statements, are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date . These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- xii) **Borrowing Cost :**
- Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised. Other borrowing costs are recognised as expenses in the period in which they are incurred.
- xiii) **Taxation :**
- Current tax is measured at the amount expected to be paid to the revenue authorities, using the applicable tax rates and laws. Deferred tax for timing differences between the book and taxable income for the year is accounted for by using the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred Tax Assets arising from temporary timing differences are recognised to the extent there is reasonable certainty that the assets can be realised in future and the same is reviewed at each Balance Sheet date.
3. The Company's interest in DSL Hydrowatt Limited is 51%. DSL Hydrowatt Limited is incorporated in india.

		(Rs. in 000's)	
		As at 31st March, 2011	As at 31st March, 2010
4.	Contingent Liability not provided for in respect of		
(a)	i) Bank Guarantee	3,00	1,12,50
	ii) Demand for Excise duty, being contested by the Company * (Amount deposited Rs.10,00 Previous year Rs.10,00)	67,61	57,08
	iii) Demand for Income Tax, being contested by the Company (Amount deposited Rs.98,39 Previous year Rs. 74,57) *	1,13,31	1,13,31
	iv) Legal Cases (Employees)* (Amount deposited Rs. 2,24 Previous year Rs. 2,24) *The management believes that the Company has a strong chance of success in these cases, hence no provision considered necessary.	28,29	21,00
	v) Subsidiary Company has given a second charge/hypothecation on project assets of Sarbari-I and Sarbari-II to Bank of Maharashtra for a loan granted by the Bank to a group Company.	25,10,00	25,10,00
(b)	Capital Commitments (Net of Advance paid)	8,06,55	26,55,34

5. The Minimum Alternate Tax (MAT) provided during the year is as a provisions of section 115 JB of the Income Tax Act, 1961 and same is eligible for set off in the subsequent ten assessment years as per provisions of the Income Tax Act, 1961.
6. Prior Period Expenses (Net) Rs.6,09 (Previous Year Rs. 11,00) has been adjusted in respective heads.
7. Sales includes export incentives/benefits Rs. 1,93,36 (Previous year Rs.2,69,87) and are net of returns relating to earlier years amounting to Rs Nil (Previous year Rs1,27,42).
8. Foreign currency exposure not hedged by derivative instrument or otherwise :

	<u>As at 31st March, 2011</u>	<u>As at 31st March, 2010</u>
i) Receivable	2,48,08	1,75,46
ii) Payable	-	35,32

9. The Excise duty on Finished Goods (i.e. man made synthetic yarn) was lower than on its input which has resulted in accumulation of unutilised balance in Cenvat account. From 1st March, 2006 excise duty on inputs i.e. on man made fibres has been reduced to be at par with Finished Goods. As on 31.03.2011 the accumulated cenvat credit balance is Rs.10,05,28 (Previous Year Rs.11,19,27).Based on export sale projections and additional duty due to value addition of yarn,the management is quite hopeful to utilise the above accumulated Cenvat credit by paying duty on export goods under claim for rebate/ refund.Hence in the opinion of the management at this stage, no provision is required for non usable excess cenvat credit, if any.
10. Capital work in progress of Subsidiary Company includes equipment not yet installed, construction/ erection material, construction/ erection work and machinery at site and advances to suppliers :

Particulars	<u>As at 31st March, 2011</u>	<u>As at 31st March, 2010</u>
Civil Works	-	18,75,25
Electro Mechanic Supplies	-	3,80,92
Transmission line	-	1,14,92
Advance to Suppliers and consultants	-	77,16
Advance for land and other procurement charges	-	-
Pre-operative Expenditure (pending capitalization/allocation)	-	3,53,51
Total	<u>-</u>	<u>28,01,76</u>

11. The Subsidiary Company commissioned its Small Hydropower Project known as Sarbari-I with a capacity of 4.5 MW at Village Nagujharh, Taluka Sarbari, District Kullu, Himachal Pradesh during the year 2008-09. The second phase Small Hydropower project of the Company known as Sarbari-2 with a capacity of 5.4MW is under implementation at Village Shalang, Taluka Sarbari, Distt. Kullu, Himachal Pradesh. In respect of both the projects Implementation Agreements have been entered into with the Himachal Pradesh State Electricity Board, Shimla,(H.P) and the agreements has an initial validity of 40 years.
12. The Company has not received any information from its suppliers regarding registered under "The Micro, Small and Medium Enterprises Development Act,2006." Hence the information required to be given in accordance with Section 22 of the said Act, is not ascertainable and not disclosed.

13. Earning Per Share	(Rs. in 000's)	
	<u>Current year</u>	<u>Previous year</u>
Profit after tax as per Profit & Loss Account	7,56,20	(10,93,03)
Basic & weighted average number of Equity Shares of Rs. 10/- each	7189368	7189368
Basic & Diluted earning per share in Rs.	10.52	(15.20)

14. Auditors' Remuneration including for Subsidiary company's Auditors represents : Audit Fee Rs3,80 (4,05), for Certification & other matters Rs.77 (2,02), for Service tax Rs.53 (62). Reimbursement of Expenses Rs. 51 (84) (Figures in brackets related to previous year).

DEEPAK SPINNERS LIMITED

15. Interest on term loan is net off Tuff subsidy received Rs. 2,05,79 (Previous year Rs.2,16,93).
16. Exceptional items represents interest of Rs. 70,80 debited by a bank in current year but relating to previous year.
17. Managerial Remuneration paid/provided to the Executive Director of the Company for the Year include:Salary Rs.Nil (5,00) Provident Fund Rs Nil (60) Rent Rs.Nil (75) Other perquisites Rs. Nil (79).
(Figures in brackets related to previous year).
18. The Company has paid Donation of Rs. 63 (including Rs. 51 paid to Chief Minister's Relief Fund, Himachal Pradesh) during the year subject to approval of Shareholders u/s 293 (e) of Companies Act,1956

19. **Segment Reporting**

a) **Primary Segment Information**

(Rs. in 000's)

	2010-2011			2009-2010		
	Yarn	Power	Total	Yarn	Power	Total
BUSINESS SEGMENT						
Segment Revenue						
Net External Revenue*	2,54,42,24	12,66,39	2,67,08,63	2,09,81,20	6,67,16	2,16,48,36
Segment Result						
(before Intt. & Tax)	13,19,07	7,65,91	20,84,98	(6,84,82)	2,77,57	(4,07,25)
Less : Interest (Net)			10,84,25			8,24,42
Profit/(Loss)before Tax			(10,00,73)			(12,31,67)
Provision for Taxation						
Current Tax			(2,07,05)			(17,40)
Fringe Benefit Tax			–			(2,35)
Deferred Tax			73,39			1,61,72
Income Tax related to Previous Year			–			(4,96)
Profit after Tax before Minority Interest			8,67,07			(10,94,66)
Less : Minority Interest			1,10,87			1,63
Net Profit			7,56,20			(10,93,03)
OTHER INFORMATION						
Segment Assets						
Unallocable Assets	1,58,95,38	85,33,44	2,44,28,82	1,45,61,16	67,29,05	2,12,90,21
Total			<u>1,59,46</u>			1,79,24
			2,45,88,28			2,14,69,45
Segment Liabilities						
Unallocable Liabilities	21,73,24	3,32,30	25,05,54	11,46,99	1,86,65	13,33,64
Total			<u>34,13,23</u>			24,28,99
			59,18,77			37,62,63
Capital Expenditure						
Total	11,69,79	17,69,10	29,38,89	3,75,12	22,12,39	25,87,51
Depreciation/Impairment						
Total	7,49,27	3,17,61	10,66,88	16,15,55	2,56,73	18,72,28
						18,72,28

* Net external Revenue includes Sales and other segmental Income.

- b) Secondary Segment is geographical Segment which includes export sales (including export incentive) Rs. 24,50,76 (Previous year Rs. 33,99,16) and domestic sales Rs. 243,31,99 (Previous year Rs.181,87,25). All assets of the Company are located in India except export debtors Rs. 2,48,08 (Previous year Rs.1,75,46).



20. Information Relating to Subsidiary companies as per circular No. 2/2011(Ref:No.51/12/2007-CL-III)

Name of Subsidiary Company : DSL HYDROWATT LTD

No.	Particular	(Rs. in '000')
		Amount
a)	Capital	188,249
b)	Reserve	65,194
c)	Total Assets	863,471
d)	Total Liability	863,471
e)	Investment	—
f)	Turnover	127,063
g)	Profit Before Tax	29,857
h)	Provision For Tax	6,005
i)	Profit After Tax	23,852
j)	Proposed Dividend	1,134
k)	Dividend Distribution Tax	188

21. Related Party Disclosure :

a) List of related parties and relationship

A) Subsidiary :- DSL Hydrowatt Ltd.

B) Key Management personnel & their relatives :-

- a) i) Sh. P. K. Daga Managing Director (w.e.f. 16.04.2010)
ii) Sh. Shantanu Daga (Grand Son), Management Executive(w.e.f 01.06.2010)
b) i) Sh. V. N. Khemka, Executive Director & CEO (upto 31st Aug-2009)
ii) Smt. Sulochana Khemka (Wife) (upto 31st Aug-2009)

b) Related Party Transaction

Transaction	Key management personnel		Relatives of Key Management personnel*	
	Current year	Previous year	Current year	Previous year
i) Remuneration	—	7,14*	6,00	—
ii) Rent	—	—	—	1,25

*Includes rent Rs Nil (Previous year Rs 75) also included in the remuneration to relatives of Key Management personnel.

22. Previous Year's figures have been regrouped, reclassified and re-arranged wherever found necessary to confirm with current period's classification.

As per our report of even date attached.

For **SINGHI & CO.**
Chartered Accountants
Firm Reg : 302049E

B. K. SIPANI
Partner
Membership No. 88926

Place : New Delhi
Date : 20th May, 2011

PUNEETA ARORA
Company Secretary

For and on behalf of Board of Directors

P. K. DAGA
Chairman cum Managing Director
YASHWANT DAGA
P. K. DROLIA
VIKRAM PRAKASH
J. N. PATHAK
Directors



DEEPAK SPINNERS LIMITED

Regd. Office : 121, Industrial Area, Baddi
Tehsil : Nalagarh, Distt. Solan (H.P.)

PROXY

I/We of
..... being a member / members of DEEPAK SPINNERS LIMITED
hereby appoint of
or failing him of
or failing him..... of

as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 20th September, 2011 at 12.15 P.M. and at any adjournment thereof.

AS WITNESS my/our hand this day of 2011

Signed by the said

Regd. Folio No.....

D.P. & Client ID No.



Notes :

- 1. The Proxy need not be a member.
- 2. The Proxy must be deposited at the Registered Office of the Company at 121, Industrial Area, Baddi - 173205, Tehsil : Nalagarh, Distt. Solan (H.P.) not less than 48 hours before the time fixed for holding the meeting.

DEEPAK SPINNERS LIMITED

Regd. Office : 121, Industrial Area, Baddi
Tehsil : Nalagarh, Distt. Solan (H.P.)

ATTENDANCE SLIP

I/We hereby record my/our presence at the ANNUAL GENERAL MEETING of the Company held at its Registered Office at 121, Industrial Area, Baddi, Tehsil : Nalagarh, Distt. Solan (H.P.) on Tuesday, the 20th September, 2011.

Name (s)

Folio No.

D.P. & Client ID No.

Signature (s) of Shareholder / Proxy attending the meeting.

Notes :

- 1. You are requested to sign and hand over this at the entrance.
- 2. Please bring your copy of the Annual Report.

BOOK POST
(PRINTED MATTER)



If undelivered, please return to :

DEEPAK SPINNERS LIMITED

Administrative Office

SCO 16, II Floor, Sector 26

Madhya Marg,

Chandigarh - 160 019