



ANNUAL REPORT
&
ACCOUNTS
2011- 2012

DEEPAK SPINNERS LIMITED

**Board of Directors**

Shri Pradip Kumar Daga, Chairman and Managing Director
Shri Vikram Prakash
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, Sr. Vice President (Technical)
Shri S. K. Thakur, Sr. Vice President (Engineering)
Shri V. B. Shrivastava, Sr. Vice President (Personnel & Admn.)

Guna Works

Village : Pagara
Tehsil & Distt. Guna
Madhya Pradesh

Shri D. L. Yajnik, Executive President
Shri Onkar Nath Singh, Vice President (Personnel & Admn.)

Company Secretary

Smt. Puneeta Arora

Bankers

State Bank of India

Auditors

Messrs Singhi & Co.,
Chartered Accountants
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 Friday, the 21st day of September, 2012 at 12.30 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 2012 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 Vikram Prakash, 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 an Ordinary Resolution :

“RESOLVED THAT in supersession of Resolution no. 11 passed at the Annual General Meeting of the Company held on 22nd September 1989, consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company to borrow from time to time all such sums of money as they may deem requisite for the purpose of the business of the Company notwithstanding that money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeds the aggregate of the paid up capital and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the aggregate of the sums so borrowed shall not exceed Rs. 300 Crore (Rupees Three Hundred Crore only) at any one point of time.”

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

“RESOLVED THAT in supersession of the earlier resolution passed in this behalf and pursuant to the provisions of Section 293(1)(a) and all other applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of Directors to hypothecate, mortgage, create lien and /or other encumbrances in addition to the mortgages/charges etc. already created/to be created by the Company in such form and manner and with such ranking and at such time and on such terms on all or any of the moveable and or immoveable properties of the Company both present and future and/or on the whole or any part of the undertaking(s) of the Company as the Board may determine to secure the sum or sums of money borrowed or to be borrowed aggregating upto Rs. 300 crore (Rupees Three Hundred crore only) by the Company from Banks, Financial Institutions etc.

6. 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 149(2A) of the Companies Act, 1956 and other applicable provisions, if any, of the said Act, the consent of the members of the Company be and is hereby accorded to carry on all or any of the business activity as covered under the other objects clause No 5 of other objects (C) of the Memorandum of Association of the Company and the Board of Directors of the Company be and is hereby authorized to take all such effective steps to implement the decision of the members of the Company as they consider appropriate in the interest of the Company and to do all such acts, deeds and things from time to time for and on behalf of the Company.”

By Order of the Board

Place : New Delhi
Date : 15.05.2012

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 20.09.2012 to 21.09.2012 (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 - 160 019 latest by 20.09.2012.
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 2003-04.

The Company shall be transferring unclaimed / unpaid dividends in respect of financial year 2004-05 to IEPF in October 2012.

Members who have not yet encashed their dividend warrant(s) for the financial year ended 30.06.2005 onwards are requested to make claims to the company.

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.
6. 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 on receipt of request in this regard by the Company.

7. 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.
8. The Company has got connectivity with both NSDL and CDSL under ISIN No. **INE272C01013** and the Shareholders are requested to get their shares dematerialized as the trading in the shares are under compulsory demat. The shareholders are further requested to send their email ids to the Registrar for electronic communication with them.
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 & 5

Under Section 293(1)(d) of the Companies Act, 1956 ("Act"), the Board of Directors of a Company cannot except with the consent of the Company in general meeting, borrow monies, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose. The Shareholders at the Annual General Meeting of the Company held on 22nd September 1989 had accorded their consent to the Board of Directors for borrowing up to Rs. 50 crores.

Taking into consideration the requirements of additional funds to meet the cost of the Company's expansion projects in Baddi and Guna works and also additional long term working capital requirements of the Company, it is expected that the limit of Rs. 50 crores sanctioned by the shareholders will not be adequate. The consent of the shareholders is, therefore, sought in accordance with the provisions of Section 293(1)(d) of the Act, to enable the Directors to borrow monies, provided that the total amount so borrowed by the Board shall not at any time exceed Rs.300 crore.

The proposed borrowings of the Company, may if necessary, be secured by way of charge / mortgage / hypothecation on the Company's assets in favour of the lenders as mentioned in the resolution at Item no.5. As the documents to be executed between the lenders and the Company may contain provisions to take over substantial assets of the Company in certain events, it is necessary to pass a resolution under Section 293(1)(a) of the Act, for creation of charges / mortgages / hypothecations for an amount not exceeding Rs. 300 crores.

The above proposals are in the interest of the Company and the Board of Directors recommends that the Resolutions in Item nos. 4 & 5 be passed by members as Ordinary Resolutions.

None of the Directors are concerned or interested in the resolution.

ITEM NO. 6

Your Company is presently engaged in the manufacture of yarn spinning and clothes and for some time for the purpose of diversification was looking for some other business ventures. The Board is of the opinion that the renewable energy is a promising business and has identified the generation and distribution of solar energy business which can be conveniently and economically be carried with the existing business. The clause 5 of other objects (C) of the Memorandum of Association permits the Company to carry on the business of electric supply in all its branches which very well covers the business of proposed solar energy generation and distribution and matters and issues connected therewith.

For the commencement of the new business contained in the other objects of the Memorandum of Association of the Company, consent of the members of the Company by special resolution is required under Section 149(2A) of the Companies Act, 1956 and your Board recommend the resolution for approval of the members.

None of the Directors of the Company is concerned or interested in the resolution except as the members of the Company.

**Details of the Director seeking re-appointment at the ensuing
Annual General Meeting fixed on 21.09.2012**

Name of Director	Shri Vikram Prakash
Date of Birth	01-04-1928
Date of Appointment	30-01-2006
Qualification	B. Sc. (Mech.), Member of the Institute of Engineers (MIE)
Experience in Specific functional area	Retired Chairman & Managing Director of Spices Trading Corpn. of India
List of other Directorships held	i) Naihati Jute Mills Co.Ltd. ii) ECE Industries Ltd iii) India Toners & Developers Ltd iv) Pushpsons Industries Ltd. v) Noida Medicare Centre Limited vi) Rancan Impex Pvt. Ltd.
Chairman/Member of the Committees of Board of Directors of the Company	i) Audit Committee (Chairman) 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	i) ECE Industries Ltd (Chairman- Shareholders Grievances Committee & Audit Committee) ii) Noida Medicare Centre Ltd. (Chairman- Audit Committee) iii) India Toners & Developers Ltd. (Member – Audit Committee) iv) Pushpsons Industries Ltd. (Member – Audit Committee)

DIRECTORS' REPORT**Dear Shareholders,**

Your Directors are pleased to present their Report together with the Audited Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS	(Rs.in Lacs)
Profit before Depreciation, Exceptional Items and Tax	1626.07
Less : Depreciation	686.86
Exceptional Item	0.00
Provision for Tax	
- Tax related to current year	213.82
- Deferred Tax Credit	(35.17)
Net Profit	<u>760.56</u>

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 2012.

GENERAL REVIEW

The market recovered during the year leading to an increase in overall demand that resulted in improved realizations. Presently, the market has become sluggish but revival in the near term is expected.

Availability of labour continues to remain a matter of concern and your management has taken proactive measures to overcome the situation. At Baddi, additional labour quarters have been constructed for female workers.

Prices of all varieties of man-made fibers remained volatile during the course of the year. The recent budget increased the Excise Duty by 2%, thereby raising the overall cost of raw materials.

Expansion as well as modernisation has been undertaken at both the units at a total cost of Rs. 110 crores. This cost will be met by term loans of Rs. 73 crore which has already been sanctioned by our bankers, State Bank of India and the balance by internal accruals. The implementation of the same is in progress. It will lead to increased production and a higher turnover resulting in better profitability.

Your Directors have decided to set up a one megawatt capacity solar power generation facility in Madhya Pradesh at an expected cost of Rs. 10 crores under the REC (Renewable Energy Certificate) mechanism, which will be eligible for fiscal incentive fo 100% depreciation in the first year as well as tax holiday.

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

DIRECTORS

Shri Vikram Prakash, 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 Note No. 12 of the Annual Accounts.

COST AUDIT

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956 qualified Cost Auditors have been appointed to conduct cost audit relating to the products manufactured by the Company.

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 and
Managing Director

Place : New Delhi
Date : 15.05.2012

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 2012, 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 : 15.05.2012

P. K. DAGA
Chairman and
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

- Using pipe lines according to the flow of air required in each department
- Arresting air leakages leading to higher unloading of compressors
- Installed condensate recovery system resulting in 3 % saving of pet coke
- Replacing conventional motors with energy efficient ones
- Replacing conventional spindle bolsters with energy efficient ones
- Replacement of tube lights with LED lights, thereby reducing the overall light load
- Replacing an oversize feed water pump in the boiler, thereby reducing energy consumption by 50 %

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

- Installing capacitors in order to improve the power factor, thereby saving energy
- Replacing oversize feed water pump thereby reducing the consumption by 30 %
- Shifting compressors to a centralized location in order to increase efficiency and reduce consumption
- Arresting air leakages to reduce the requirement of compressed air
- Using air gun for cleaning purpose to minimize wastage of compressed air
- Optimization of fuel feeding, resulting in higher efficiency

Conservation of water

- Reuse of treated water for gardening & agriculture

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
- Replacement of conventionally designed air blowers in the ETP plant by technologically advanced blowers that consume less power
- Replacing SFU's with ACB in the power house, thereby minimizing heat losses and arresting electrical trippings & faults
- Arresting all leakages of compressed air and redesigning the pipe lines in order to reduce requirement by 400 cfm
- Installing energy efficient TFOs to reduce power consumption by 60 % in the respective machines

ii) Guna Works

- Arresting all leakages of compressed air and redesigning the pipe lines in order to reduce requirement by 150 cfm
- 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
- Using LED in place of CFL/tube lights to reduce light load and increase luminance

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

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)	23.78	28.59
Total amount (Rs. in Millions)	116.17	141.66
Rate / Unit	4.89	4.95
(b) Own Generation		
i) Through D.G. Sets (Million Units)	0.40	2.33
Units amount (Rs. in millions)	6.11	25.37
Cost / Unit	15.28	10.89
ii) Through steam turbine (Million units)	18.49	8.76
Units per kg. of Bio – Fuel	0.51	0.45
cost / unit	4.16	4.28
2. Coal (C, Grade) used in Boiler		
(Quantity – Million Kgs)	1.96	1.65
Total cost (Rs. in Millions)	19.62	12.48
Average rate per Kg.	10.03	7.56
B. Consumption per unit of production		
Production of yarns (Million Kgs)	18.46	17.76
Electricity (KWH/Kg.)	2.32	2.30
Others		
Diesel (Ltr/Kg. Yarn)	0.05	0.11
Bio – Fuel (Kg/Kg. Yarn)	3.63	1.17

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 developed yarns for varying blends for carpets and home furnishings and soft feel yarns used for making special fabrics for its international customers. It has also developed three and four ply yarn to meet the specific needs of its 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 Lacs)**

Total Foreign exchange used	:	162.34
Total Foreign exchange earned	:	4409.64

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	:	31.03.2012
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	:	Rs. 209.23 Lacs
For the Previous Financial years	:	Rs. 163.23 Lacs
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	:	Rs. 0.50 Lacs

YASHWANT DAGA
PRADEEP KUMAR DROLIA
J. N. PATHAK
Directors

VIKRAM PRAKASH
Director

P. K. DAGA
*Chairman and
Managing Director*

Place : New Delhi
Date : 15.05.2012

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY SCENARIO

The textile industry in India is of significant importance to the Indian economy. It is the second largest employer after agriculture and contributes approximately 4 percent to the country's GDP and 17 per cent to the country's export earnings.

Government had announced Technology Upgradation Fund Schemes (TUFS) to provide maximum subsidy in interest rates on loans to Textile Industry during the year 2011-12. It was to help textile sector to implement their expansion and modernization programmes. The scheme expected to expire on 31.3.2012, is under active consideration of the government for extension beyond this date.

The depreciation of rupee has promoted the export competitiveness of the industry, although unprecedented volatility in the exchange rate creates uncertainties and does not help exporters in the long run.

RISKS AND CONCERNS

In the Union Budget 2012-13, excise duty has been hiked from 10% to 12% on manmade fibres (MMFs) which makes Indian MMF textiles uncompetitive in global markets.

Though, the global fibre consumption trend in future is likely to tilt in favour of MMFs, at present, Indian textile exports are predominantly cotton based. Hence, export prices of MMFs are lower than their prices in the domestic market.

It is true that MMFs have overtaken cotton as the dominant fibre, but the cost and availability still plays a significant role in the inter-fibre substitution. Rising crude oil prices and moderating cotton prices may lead the MMF industry to grow at a slower rate in the future.

The other areas of concern are high input costs and lack of skilled labour.

OUTLOOK

India is the second largest producer of MMFs in the world. With the rising demand, limited supply of natural fibres and the changing lifestyle, the inclination of the textile industry has moved towards MMFs.

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.

The global MMF market will continue to grow, more quickly than the world economy. The main drivers will be increasing population, economic growth, consumer aspirations, new applications, & infrastructure projects.

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 2012 were 1660.

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 is about maximizing shareholders value legally and ethically, while ensuring fairness to our customers, employees, state and community at large. Company maintains an unwavering focus on conducting its business in accordance with the highest ethical standards and sound corporate governance practices. In India, Corporate Governance Standards for listed companies are regulated by the Securities and Exchange Board of India through Clause 49 of the Listing Agreement of the Stock Exchanges. As a Company which believes in implementing Corporate Governance practices that go beyond meeting the letter of law, we have adopted practices mandated in Clause 49 and has established procedures and systems to be fully compliant with it.

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	Yes (by proxy)	11	—	6	—
Promoter Executive						
P. K. Daga Chairman and Managing Director	4	Yes	4	1	4	1
Independent Non-Executive						
Vikram Prakash	4	Yes	6	—	2	3
Pradeep Kumar Drolia	2	—	5	—	—	—
J.N.Pathak	3	—	1	—	1	—

*Including Private Limited Companies.

B) Relationships of Directors interse

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

3) Board Meetings held during the year

- a) During the financial year ended 31st March 2012, four meetings of the Board of Directors were held on 20th May 2011, 10th August 2011, 11th November 2011 and 6th February 2012.

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.

During the year, this Committee held four meetings, on 20th May 2011, 10th August 2011, 11th November 2011 and 6th February 2012. 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	Three
Shri Yashwant Daga	Four
Shri Pradeep Kumar Drolia	Two

The necessary quorum was present at the meeting. Statutory and Internal Auditors also try to attend the Meeting on the invitation of Chairman.

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, Shri Yashwant Daga and Shri Pradeep Kumar Drolia and Shri J.N.Pathak.

During the year, this Committee held one meeting, on 20th May 2011 to consider the increase in remuneration of Shri Shantanu Daga who is a relative of Directors, Shri P. K. Daga and Shri Yashwant Daga, and revision of his designation from Management Executive to Senior 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

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 and Managing Director)	—	—	—	—	—
Shri Yashwant Daga	—	—	—	118000	118000
Shri Vikram Prakash	—	—	—	118000	118000
Shri Pradeep Kumar Drolia	—	—	—	58000	58000
Shri J.N.Pathak	—	—	—	88000	88000

The Company pays sitting fees of Rs. 15,000/- per meeting to the Non-Executive Directors for attending the meetings of the Board and Rs. 7,500/- per meeting for attending the meetings of the Committees of the Board.

Shareholdings of Non-Executive Directors in the Company as on 31st March 2012 :-

Non-Executive Directors	No of ordinary shares @ Rs.10/- held singly and/or jointly
Shri Yashwant Daga	278020

d) Shareholders / Investors Grievances Committee

The Committee comprises of four Non-Executive Directors namely, Shri Vikram Prakash, 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.

- a) During the financial year ended 31st March 2012, 6 complaints were received and all were satisfactorily disposed off. As on 31.03.2012, pendency is Nil.
- b) There were no pending requests for Share transfers as on 31st March 2012.

During the year, this Committee held four meetings on 20th May 2011, 10th August 2011, 11th November 2011 and 6th February 2012. 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	Three
Shri Yashwant Daga	Four
Shri Pradeep Kumar Drolia	Two

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, 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.

4) General Body Meetings

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

Particulars	Location	Date	Time	Whether any special resolution passed
27th AGM	121, Industrial Area, Baddi Tehsil Nalagarh, Distt. Solan Pin - 173 205 (H.P.)	11-09-2009	11.30 A.M	No
28th AGM	-do-	17-09-2010	12.15 P.M	2
29th AGM	-do-	20-09-2011	12.15 P.M	2

The following Special Resolutions were taken up in the previous Annual General Meetings and were passed with requisite majority :-

28th AGM held on 17.09.2010

- Appointment of Shri Pradip Kumar Daga as Managing Director.
- Appointment of Shri Shantanu Daga (a relative of Directors) as Management Executive.

29th AGM held on 20.09.2011

- Increase in remuneration of Shri Shantanu Daga (a relative of Directors).
- Re-appointment of Shri Pradip Kumar Daga as Managing Director.

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

No special resolution was passed through postal ballot during the year ended on 31.03.2012.

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

Quarterly/ Half Yearly Financial Results are published in the following newspapers :-
Dainik Jagran or Aaj Samaj(regional newspapers) 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 : 21st September, 2012 at 12.30 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 2012 — Middle of August 2012
Results for the quarter ending 30th September 2012 — Middle of November 2012
Results for the quarter ending 31st December 2012 — Middle of February 2013
Audited results for the year ending 31st March 2013 — Last week of May 2013

Book closure date : 20th September, 2012 to 21st September, 2012 (both days inclusive)

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

(iv) Annual listing fees for 2012-13 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 2011	19.00	15.15	October 2011	14.95	13.06
May 2011	20.95	15.85	November 2011	16.50	13.52
June 2011	20.65	17.60	December 2011	15.39	12.76
July 2011	21.05	17.50	January 2012	15.99	13.99
August 2011	19.90	13.55	February 2012	21.00	15.20
September 2011	15.95	12.70	March 2012	18.95	16.15

There was NIL trading in equity shares of the Company at Calcutta Stock Exchange during the period from 1st April 2011 to 31st March 2012.

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

DEEPAK SPINNERS LIMITED

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

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

(viii) **Designated Exclusive email-id :**

The following e-mail ids have been designated exclusively for investor servicing –

- a) mdpl@vsnl.com
- b) share@dsl-india.com

(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 31.03.2012**

Category	No. of Shares held	% of total paid up Capital
Resident Individuals	64,94,243	90.33
Financial Institutions Banks & Mutual Funds	3,28,880	4.58
Bodies Corporate	2,12,909	2.96
NRIs / OCBS	1,53,336	2.13
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	13,39,443	18.63	8,944	91.13
	501 - 1000	3,84,264	5.34	484	4.93
	1001 - 10000	9,75,227	13.57	341	3.47
	Above - 10000	44,90,434	62.46	46	0.47
	TOTAL	71,89,368	100.00	9,815	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 2012, 89.25% equity shares of the Company stood dematerialized.

(xii) **Plant locations**

- a) 121, Industrial Area, Baddi, Tehsil Nalagarh, District Solan 173205 (HP)
- b) 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 gives 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 15th May 2012.



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of Deepak Spinners Limited

We have examined the compliance of the conditions of Corporate Governance by M/s Deepak Spinners Limited for the year ended 31st March 2012 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 has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated in the said clause. 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 and the representations made by the Directors and the management, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Place : New Delhi
Date : 15th May, 2012

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

AUDITORS' REPORT

TO THE MEMBERS OF DEEPAK SPINNERS LIMITED

We have audited the attached Balance Sheet of **DEEPAK SPINNERS LIMITED**, as at 31st March, 2012 and also the Profit and Loss Statement 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.

As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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 Statement 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 Statement 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, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 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.12 regarding accumulated Cenvat Credit aggregating Rs. 856.60 lacs (Previous year Rs. 1005.28 lacs.) 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 near 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, 2012
 - b) In the case of the Profit and Loss Statement, 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 : 15th May, 2012

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 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, 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 it's 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.
- 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 other than the followings :

Name of the Statute	Nature of dues	Relating to Year	Rs. in Lacs.	Forum where dispute is pending
Central Excise Act, 1944	Classification of Goods supplied to handloom society	1998-99 & 1999-00	9.13	High Court, Shimla

DEEPAK SPINNERS LIMITED

Name of the Statute	Nature of dues	Relating to Year	Rs. in Lacs.	Forum where dispute is pending
Central Excise Act, 1944	Demand for Service Tax	2005-06	4.12	High Court, Shimla
Central Excise Act, 1944	Demand for Service Tax Penalty & Interest	2004-05 to 2007-08	19.48	CESTAT
Central Excise Act, 1944	Demand For Excise Duty	2004-05 to 2007-08	22.78	CESTAT
Himachal Pradesh Tax on Entry of Goods in to Local Area Act-2010	Entry Tax	2010-11 & 2011-12	113.89	High Court, Shimla
Income Tax Act, 1961	Interest demand	Asst. Year 1997-98	0.56	DCIT Kolkata
Income Tax Act, 1961	Disallowance of Deductions u/s 80 HHC	Asst. Year 2001-02	3.18	DCIT Kolkata
Income Tax Act, 1961	Demand for excess credit allowed u/s 115JAA	Asst. Year 2002-03	19.74	DCIT Kolkata
Income Tax Act, 1961	Disallowance of claim u/s 80HHC, 80G and Short allowance of TDS	Asst. Year 2003-04	1.25	CIT (Appeals) Kolkata

- (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 others.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loan availed during the year by the Company were, prima facie, applied by the Company for the purpose for which loan was obtained.
- (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 has been noticed or reported during the year.

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

Place : New Delhi
Date : 15th May, 2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**

		(Rs. in lakhs)	
		As at	As at
		31st March, 2012	31st March, 2011
I	EQUITY AND LIABILITIES		
	(1) Shareholders' Funds		
	(a) Share Capital	720.11	720.11
	(b) Reserves and Surplus	5,056.02	4,295.46
		<u>5,776.13</u>	<u>5,015.57</u>
	(2) Non-Current Liabilities		
	(a) Long-term Borrowings	2,482.88	2,120.60
	(b) Deferred Tax Liabilities (Net)	1,261.14	1,296.31
	(c) Other Long-term Liabilities	12.54	13.76
	(d) Long-term Provisions	155.39	106.56
		<u>3,911.95</u>	<u>3,537.23</u>
	(3) Current Liabilities		
	(a) Short-term Borrowings	3,745.57	3,468.12
	(b) Trade Payables	1,524.47	1,598.22
	(c) Other Current Liabilities	1,002.56	2,278.60
	(d) Short-term Provisions	32.28	52.33
		<u>6,304.88</u>	<u>7,397.27</u>
	Total	<u>15,992.96</u>	<u>15,950.07</u>
II	ASSETS		
	(1) Non-Current Assets		
	(a) Fixed Assets		
	(i) Tangible Assets	7,095.17	7,356.93
	(ii) Capital Work-in-Progress	323.90	51.54
	(b) Non-Current Investments	4.99	4.99
	(c) Long-term Loans and Advances	1,303.56	1,330.71
	(d) Trade Receivables	-	-
	(e) Other Non-Current Assets	15.17	0.26
		<u>8,742.79</u>	<u>8,744.43</u>
	(2) Current Assets		
	(a) Inventories	3,937.34	3,894.61
	(b) Trade Receivable	2,408.73	2,355.59
	(c) Cash and Bank Balances	178.81	68.59
	(d) Short-term Loans and Advances	534.29	670.96
	(e) Other Current Assets	191.00	215.89
		<u>7,250.17</u>	<u>7,205.64</u>
	Total	<u>15,992.96</u>	<u>15,950.07</u>

Contingent Liabilities and Commitments '17'

Summary of significant accounting policies and other notes on accounts '27'

The accompanying notes are an integral part of the financial Statements

In terms of our Report of even date attached.

For **SINGHI & CO.**

Chartered Accountants

Firm Reg. No. : 302049E

B. K. SIPANI

Partner

Membership No. 88926

Place : New Delhi

Date : 15th May, 2012

PUNEETA ARORA

Company Secretary

P. K. DAGA

Chairman and Managing Director

YASHWANT DAGA

VIKRAM PRAKASH

J. N. PATHAK

P. K. DROLIA

Directors

DEEPAK SPINNERS LIMITED**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

		(Rs. in lakhs)	
	Note No.	For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
I. REVENUES			
Revenue from Operations	'18'	28,068.79	25,532.25
Less : Excise Duty		96.76	203.01
Revenue from Operations (Net)		<u>27,972.03</u>	<u>25,329.24</u>
II. Other Income	'19'	381.95	221.25
III. Total Revenues (I + II)		<u>28,353.98</u>	<u>25,550.49</u>
IV. EXPENSES			
Cost of Materials Consumed	'20'	20,315.84	18,382.86
Changes in Inventories of Finished Goods, Work-in-Progress and Waste	'21'	(512.29)	(687.66)
Employees' Benefit Expenses	'22'	1,947.32	1,543.51
Other Expenses	'23'	4,107.43	4,051.23
V. Total		<u>25,858.30</u>	<u>23,289.94</u>
VI. Profit before Finance Cost, Tax, Depreciation and Exceptional Items (III - V)		2,495.68	2,260.55
Finance Cost	'24'	869.61	738.31
Depreciation Expenses	'25'	686.86	749.27
VII. Profit before Exceptional Items & Tax		<u>939.21</u>	<u>772.97</u>
VIII. Exceptional Items		-	70.81
IX. Profit before tax (VII - VIII)		<u>939.21</u>	<u>702.16</u>
X. Tax Expense			
Current Tax	'26'	213.82	147.00
Deferred Tax		(35.17)	(73.39)
XI. Profit after Tax for the year (IX - X)		<u>760.56</u>	<u>628.55</u>
Basic & Diluted Earnings Per Equity Share (of Rs. 10 each) (Rs.)	'27.8'	10.57	8.74
Summary of significant accounting policies and other notes on accounts	'27'		

The accompanying notes are an integral part of the financial statements.

In terms of our Report of even date attached.

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

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 15th May, 2012

PUNEETA ARORA
Company Secretary

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



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012	(Rs. in lakhs) Year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit /(Loss) before Tax	939.21	702.16
Adjustment for-		
Depreciation	686.86	749.27
Excess Depreciation written back	(32.02)	-
Finance Cost	869.61	738.31
(Profit)/Loss on sale/discard of Fixed Assets (Net)	(20.87)	126.91
Interest on term Loan (Exceptional Items)	-	70.80
Interest Income	(114.51)	(106.12)
Dividend Received	(0.50)	-
Provision for Doubtful Debts/Advances	-	21.66
Exchange Difference (Net)	(5.30)	(3.52)
Operating Profit before Working Capital Changes	2,322.48	2,299.47
Adjustment for -		
Trade & Other Receivables	346.89	(455.65)
Inventories	(42.73)	(1,125.41)
Trade Payables & Other Liabilities	91.54	1,026.25
	2,718.18	1,744.66
Direct Taxes (Paid)/Refunds	(309.89)	(101.71)
Net Cash from Operating Activities	(A) 2,408.29	1,642.95
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(752.45)	(1,411.01)
Sale of Fixed Assets	42.78	738.08
Movement in Fixed Deposits	(15.00)	(30.48)
Dividend Received	0.50	-
Interest received	110.25	106.05
Net Cash from Investing Activities	(B) (613.92)	(597.36)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Decrease in Long Term Borrowings	(1,090.29)	(465.78)
Increase in Short Term Borrowings	277.45	140.96
Finance Cost (including capitalised)	(882.07)	(809.11)
Net Cash from Financing Activities	(C) (1,694.91)	(1,133.93)
Net Increase/Decrease in Cash & Cash Equivalents	(A+B+C) 99.46	(88.34)
Cash and Cash equivalents as at (Opening Balance)	21.24	109.58
Cash and Cash equivalents as at (Closing Balance)	120.70	21.24
Components of cash and cash equivalents		
Cash in hand	9.48	2.28
Balance with Banks		
Current Account	111.22	18.96
Unclaimed Dividend Accounts	10.78	14.52
Fixed Deposits Accounts	45.00	30.00
Employees Security Deposits Accounts	2.33	2.83
	178.81	68.59
Less : Fixed Deposit, Employee Security Deposit & Margin Money consider in investing Activity & Unclaimed Dividend lying with Bank	58.11	47.35
Cash and Cash Equivalents	120.70	21.24

As per our Report of even date attached.

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

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 15th May, 2012

PUNEETA ARORA
Company Secretary

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

DEEPAK SPINNERS LIMITED

NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2012

(Rs. in lakhs)

	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
1. Share Capital :		
Authorized :		
80,00,000 (Previous year 80,00,000) Equity Shares of Rs.10/- each.	800.00	800.00
	<u>800.00</u>	<u>800.00</u>
Issued :		
72,12,868 (Previous year 72,12,868) Equity Shares of Rs.10/- each	721.29	721.29
	<u>721.29</u>	<u>721.29</u>
Subscribed and Fully Paid-up Shares		
71,89,368 (Previous year 71,89,368) Equity Shares of Rs.10/- each fully paid-up	718.94	718.94
Add : Forfeited Shares (Amount originally Paid-up)	1.17	1.17
	<u>720.11</u>	<u>720.11</u>

Terms / Rights attached to Equity Shares

Each holders of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However same is subject to the approval of the share holders in the Annual General Meeting.

Reconciliation of the number of Equity Shares outstanding :

Equity Shares outstanding at the beginning of the year	7189368	7189368
Equity Shares allotted during the year	-	-
Equity Shares outstanding at the end of the year	7189368	7189368

Shareholder holding more than 5 percent Equity Shares of the Company :

S.No	Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
		Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding
1	M/s. Mangalam Engineering Projects Ltd.	918,929	12.78	918,929	12.78
2	Sh. Pradip Kumar Daga	458,389	6.38	458,389	6.38
3	M/s. Contransys Pvt. Ltd	402,100	5.59	402,100	5.59
4	M/s. Jalpaiguri Holding Pvt. Ltd.	386,400	5.37	386,400	5.37
5	Smt. Asha Devi Daga	364,062	5.06	364,062	5.06

	<u>As at 31st March, 2012</u>	<u>As at 31st March, 2011</u>
2. Reserves and Surplus :		
(i) Capital Reserve		
Balance as per last financial statement	35.75	35.75
(ii) Securities Premium Account		
Balance as per last financial statement	217.81	217.81
(iii) General Reserve		
Balance as per last financial statement	2,809.79	2,809.79
(iv) Profit & Loss Statement -Balance		
Balance as per last financial statement	1,232.11	603.56
Add : Profit for the year	760.56	628.55
	<u>1,992.67</u>	<u>1,232.11</u>
Total (i to iv)	<u>5,056.02</u>	<u>4,295.46</u>

3. Long-term Borrowings

(Rs. in lakhs)

	Non-current portion		Current maturities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
(i) Secured				
(a) Term Loans from a Bank	2,477.30	2,120.60	400.00	1,804.09
(b) Corporate Loan from Bank (Paid during the year)	–	–	–	50.00
(c) Other Loans & Advances (Vehicle Loan)	5.58	–	1.52	–
	<u>2,482.88</u>	<u>2,120.60</u>	<u>401.52</u>	<u>1,854.09</u>
(ii) Amount disclosed under the head “other current liabilities” (Refer Note No. 9)	–	–	(401.52)	(1,854.09)
(Total i-ii)	<u>2,482.88</u>	<u>2,120.60</u>	<u>–</u>	<u>–</u>

- a. Term loans from a bank are secured by first charge on present and future movable plant and machinery purchased under TUFs subject to prior charges in favour of bankers for securing working capital borrowings. These loans are further secured by personal guarantees of two directors of the company.
- b. Corporate loans from Banks is 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. These loans are further secured by personal guarantee of two directors of the company.
- c. Secured by hypothecation of vehicle financed and carries interest rate of 10.97% per annum. Payable in 48 equal monthly instalment beginning with April, 2012.

(ii) Terms of Repayments of Non-Current Portion :

Current Year

As at 31st March, 2012 (Rs. in lakhs)	Rate of Interest	Repayment No. of Installments	Repayment Periodicity
113.51	14.00% to 15.75% linked with SBAR	13-22	Quarterly Equal Annually Graded
1168.59	14.00% to 15.75% linked with SBAR	13-30	Quarterly Equal Annually Graded
163.29	14.00% to 15.75% linked with SBAR	13-33	Quarterly Equal Annually Graded
267.30	14.00% to 15.75% linked with SBAR	12-17	Quarterly Equal Annually Graded
764.61	14.25 % linked with SBAR	-	Loan partly received out of sanctioned Rs. 30 crores, quarterly installment will commence from 31.12.2013
2477.30			

Previous Year

As at 31st March, 2011 (Rs. in lakhs)	Rate of Interest	Repayment No. of Installments	Repayment Periodicity
143.43	12.75% to 14.00% linked with SBAR	9-26	Quarterly Equal Annually Graded
1434.13	12.75% to 14.00% linked with SBAR	9-34	Quarterly Equal Annually Graded
195.04	12.75% to 14.00% SBAR	9-37	Quarterly Equal Annually Graded
348.00	14.00% to 15.75% linked with SBAR	8-21	Quarterly Equal Annually Graded
2120.60			

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	(Rs. in lakhs)			
	As at 31st March, 2012		As at 31st March, 2011	
4. Deferred Tax Liabilities (Net)				
Deferred Tax Liabilities on account of :				
Depreciation	1,338.29	1,365.03		
	<u>1,338.29</u>	<u>1,365.03</u>		
Deferred Tax Assets on account of :				
Provisions For Employees Benefits	60.89	45.37		
Other Timing Differences	16.26	23.35		
	<u>77.15</u>	<u>68.72</u>		
Deferred Tax Liabilities/ (Assets) Net	<u>1,261.14</u>	<u>1,296.31</u>		
5. Other Long-term Liabilities				
Trade Deposits	11.90	12.36		
Employee Security Deposits	0.64	1.40		
	<u>12.54</u>	<u>13.76</u>		
6. Provisions				
	Long-term		Short-term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Provision for Employee Benefits	155.39	106.56	32.28	52.33
	<u>155.39</u>	<u>106.56</u>	<u>32.28</u>	<u>52.33</u>
7. Short-term Borrowings				
A Secured				
Loan repayable on demand				
* From Banks	3,745.57	3,468.12		
	<u>3,745.57</u>	<u>3,468.12</u>		
a. Securities :				
(i) *Loan from Banks are secured by first charge on current assets both present and future and additionally 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.				
8. Trade Payables *				
Others	1,524.47	1,598.22		
	<u>1,524.47</u>	<u>1,598.22</u>		

*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.

	As at 31st March, 2012	(Rs. in lakhs) As at 31st March, 2011
9 Other Current Liabilities		
Current maturities of long-term debts	401.52	1,854.09
Interest accrued but not due on borrowings	37.11	-
Unpaid Dividends	10.78	14.52
Customers' Credit Balances and Advances against orders	173.67	184.57
Creditors for Capital Goods	5.43	-
Security Deposits	4.65	3.49
Statutory Dues	169.39	75.32
Employees liabilities	200.01	146.61
	1,002.56	2,278.60

Note No.10

FIXED ASSETS

(Rs. in Lakhs)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 1.04.11	Additions	Deductions/ Adjustments	Total as at 31.03.12	Upto 31.03.11	During the year	Deductions/ Adjustments	Excess Dep. Written Back	Total as on 31.03.12	As at 31.03.12	As at 31.03.11
TANGIBLE ASSETS											
Freehold Land *	31.00	-	-	31.00	-	-	-	-	-	31.00	31.00
Leasehold Land	34.45	-	-	34.45	8.62	0.37	-	-	8.99	25.46	25.83
Buildings	2,575.67	21.76	4.02	2,593.41	1,037.33	76.36	0.27	-	1,113.42	1,479.99	1,538.34
Plant and Equipment	13,114.76	363.69	263.28	13,215.17	7,415.55	595.26	246.74	14.76	7,749.31	5,465.86	5,699.21
Office Equipments	110.33	4.04	(0.82) **	115.19	90.40	3.57	-	1.26	92.71	22.48	19.93
Furniture & Fixtures	91.95	3.94	0.96	94.93	88.27	4.46	0.13	11.13	81.47	13.46	3.68
Vehicles	94.67	19.95	-	114.62	55.73	6.84	-	4.87	57.70	56.92	38.94
Total	16,052.83	413.38	267.44	16,198.77	8,695.90	686.86	247.14	32.02	9,103.60	7,095.17	7,356.93
Previous Year	17,425.35	1,468.63	2,841.15	16,052.83	9,072.80	749.27	1,126.17	-	8,695.90	7,356.93	

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

Represents Amortisation of Lease Rent.

** Regrouped during the year.

	As at 31st March, 2012	(Rs. in lakhs) As at 31st March, 2011
11 Non-Current Investment		
Long Term Investment (Non-Trade)		
In Subsidiary Company (unquoted) (at cost)		
49,940 Equity Shares (previous year 49,940)		
@ Rs. 10/- each Fully paid up		
M/s. DSL Hydrowatt Ltd.	4.99	4.99
Aggregate amount of Unquoted Investments	4.99	4.99

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12. Loans and Advances : (Unsecured, Considered Good)

(Rs. in lakhs)

	Long-term		Short-term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Capital Advances	466.48	345.88	–	–
Security Deposits	91.42	97.03	7.49	2.72
Advance Current Tax (Net of Provision)	–	–	138.15	42.08
Balances with Excise & Custom Department (a)	731.71	885.50	125.00	120.00
Advance Recoverable in Cash or in Kind	12.70	1.10	246.84	487.29
Prepaid Expenses	1.25	1.20	14.30	11.71
Other Receivable	–	–	2.51	7.16
	<u>1,303.56</u>	<u>1,330.71</u>	<u>534.29</u>	<u>670.96</u>

(a) 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. men made fibre has been reduced to be at par with finished goods. As on 31.03.2012 the accumulated cenvat credit balance was Rs.856.60 lakhs (Previous Year Rs. 1005.28 lakhs). Based on sale projections, the management is quite hopeful to utilise the above accumulated cenvat credit by paying duty on export goods under claim for rebate/ refund and on value addition of the yarn.

Hence in the opinion of the management at this stage, no provision is required for non usable excess cenvat credit.

13 Trade Receivables :

(Unsecured, Considered Good unless otherwise stated)

(Rs. in lakhs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
(a) Outstanding for more than six months (from due date)				
Considered Doubtful	15.31	24.80	–	–
Less : Provision for Doubtful	<u>15.31</u>	<u>24.80</u>	<u>–</u>	<u>–</u>
	–	–	–	–
(b) Other Receivables	–	–	2,408.73	2,355.59
	<u>–</u>	<u>–</u>	<u>2,408.73</u>	<u>2,355.59</u>

14. Other Assets :

(Unsecured, Considered Good)

Export Benefits/ Claims Receivables	14.92	–	183.05	212.21
Interest Accrued on Fixed Deposits	0.25	0.26	0.78	0.30
Interest Accrued on others	–	–	7.17	3.38
	<u>15.17</u>	<u>0.26</u>	<u>191.00</u>	<u>215.89</u>

	As at 31st March, 2012	(Rs. in lakhs) As at 31st March, 2011
15. Inventories :		
(As certified by the Management)		
Raw Materials (Including in Transit Rs. 80.40)	1,180.27	1,690.00
Work-in-Progress	304.61	276.53
Finished Goods	2,199.78	1,739.15
Stores and Spares (Including in Transit Rs. 47.39)	245.17	181.34
Waste	7.51	7.59
	<u>3,937.34</u>	<u>3,894.61</u>
Basis of Valuation of Inventories are as under :		
Inventories are valued at cost or net realisable value whichever is lower except waste which is valued at estimated net realisable value.		
16. Cash and Bank Balance :		
(a) Cash and Cash Equivalents		
Cash Balance on hand	9.48	2.28
Balance with Banks in : Current Accounts	111.22	18.96
(b) Earmarked Balances with Banks		
Unpaid Dividend Account	10.78	14.52
Fixed Deposit Account (maturity within three months) (Pledged as Margin with Bank)	45.00	30.00
Employees Security Deposit Accounts	2.33	2.83
	<u>178.81</u>	<u>68.59</u>
17. Contingent Liabilities and Commitments		
A. Contingent Liabilities not provided for in respect of		
a) Bank Guarantee	1.00	1.00
ii) Demand for Excise duty, being contested by the Company * (Amount deposited Rs. 10,00, Previous year Rs.10,00)	55.41	67.61
iii) Demand for Income Tax, being contested by the Company * (Amount deposited Rs. 98,39, Previous year Rs.98,39)	113.31	113.31
iv) Legal Cases (Employees) *	11.32	28.29
*The management believes that the Company has a strong chance of success in these cases,hence no provision considered necessary.		
B. Capital Commitments (Net of Advance paid)	863.92	806.65

DEEPAK SPINNERS LIMITED

NOTES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the Year ended 31st March, 2012	(Rs. in lakhs) For the Year ended 31st March, 2011
18. Revenue from Operations :		
Sale of Manufactured goods :		
Man Made Synthetic Yarn *	27,740.14	25,338.89
Other Operating Income		
Export incentives & benefits	328.65	193.36
	<u>28,068.79</u>	<u>25,532.25</u>
Less : Excise Duty	96.76	203.01
Revenue from Operations (Net)	<u>27,972.03</u>	<u>25,329.24</u>
* Sales includes Export Sales of Rs. 4457.58 lakhs (Previous year Rs 2257.40 lakhs)		
19. Other Income :		
Dividend on Long Term Investments (Non-Trade)	0.50	-
Interest	114.51	106.13
Profit on sale/discard of Fixed Assets (Net)	20.87	-
Miscellaneous Income	54.80	37.77
Net Gain on Foreign Currency translation (Net)	45.85	41.97
Sundry credit balances written back (Net)	44.12	35.38
Excess Depreciation written back	32.02	-
Insurance Claims	59.78	-
Bad Debts Recovered	9.50	-
	<u>381.95</u>	<u>221.25</u>
20. Cost of Materials Consumed :		
Man Made Fibres	19,802.18	18,028.60
Dyes & Chemicals	513.66	354.26
	<u>20,315.84</u>	<u>18,382.86</u>
21. Changes in Inventories of Finished Goods, Work-in-Progress and Waste Inventories as at 31st March, 2012		
Work-in-Progress	304.61	276.53
Finished Goods	2,199.78	1,739.15
Waste	7.51	7.59
	<u>2,511.90</u>	<u>2,023.27</u>
Inventories as at 31st March, 2011		
Work-in-Progress	276.53	458.40
Finished Goods	1739.15	-
Less : Claims	<u>23.66</u>	865.65
Waste	7.59	11.56
	<u>1,999.61</u>	<u>1,335.61</u>
	<u>(512.29)</u>	<u>(687.66)</u>
22. Employees' Benefit Expenses		
Salaries, Wages and Bonus	1,704.37	1,355.05
Contribution to Provident and other Funds	129.56	108.26
Employee Welfare Expenses	113.39	80.20
	<u>1,947.32</u>	<u>1,543.51</u>

	For the Year ended 31st March, 2012	(Rs. in lakhs) For the Year ended 31st March, 2011
23. Other Expenses		
Consumption of Stores & Spares	616.40	544.09
Consumption of Packing Material	406.59	325.13
Job Charges	97.79	71.20
Power & Fuel Expenses	2,050.24	2,238.97
Rent	25.46	19.59
Insurance	23.00	10.45
Rates & Taxes	6.82	6.58
Repair and Maintenance		
Buildings	22.30	20.53
Machinery	73.74	54.86
Freight & Forwarding Expenses (Net)	402.15	289.67
Commission and Brokrage	86.78	107.20
Miscellaneous Expenses	207.20	175.63
Auditors Remuneration (including service tax)		
Statutory Auditors		
As Auditors	5.11	3.36
For Limited Review	0.66	0.50
For Certification and other matters	1.49	0.36
Reimbursement of Expenses	0.51	0.56
Cost Auditors		
As Auditors	0.20	0.20
Loss on sale /discard of Fixed Assets (Net)	-	126.91
Loss on sale of Raw Material	-	3.00
Bad debts & Advances written off (Previous year net of provisions for doubtful Rs. 3.72 Lakhs)	80.99	30.15
Donation	-	0.63
Provision for Doubtful Debts/Advances	-	21.66
	4,107.43	4,051.23
24. Finance Cost		
Interest Expenses \$	860.60	723.02
Other Borrowing cost	43.58	13.18
Loss on foreign currency translations & transactions (to the extent considered as borrowing cost)	15.00	2.11
	919.18	738.31
Less : Amount transfered to Capital Work-in-Progress	49.57	-
	869.61	738.31
<p>\$ Net of 5 % Interest subsidies received/receivable under TUF (Technology Upgradation Fund) scheme amounting Rs.116.23 lakhs (previous year Rs 205.79.lakhs)</p>		
25. Depreciation Expenses		
Depreciation of tangible assets (Refer Note No. 10)	686.86	749.27
26. Current Tax		
Current Tax for the year	334.66	147.00
Less : MAT credit entitlement	(127.49)	-
	207.17	147.00
Income tax related to earlier year	6.65	-
Total Current Tax	213.82	147.00

27 Summary of significant accounting policies and other notes on accounts**27.1 Nature of Operations**

The Company is a manufacturer of Synthetic Man Made Yarn. It has two spinning units at Baddi (H.P.) and Guna (M.P.).

27.2 Summary of significant accounting policies**Significant Accounting Policies :****i) Recognition of Income and Expenditure :**

Income and Expenditure are accounted for on accrual basis except interest from customers and insurance claim lodged with insurance company pending for settlement due to uncertainty in realisation are accounted for as and when received/settled.

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. 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.

27.3 Balances of debtors, creditors and others are subject to confirmation.

27.4 Foreign currency exposure not hedged by derivative instrument or otherwise :

	As at 31st March,2012 (Rs. in Lakhs)	As at 31st March,2011 (Rs. in Lakhs)
i) Receivable	305.88	248.08
ii) Payable	-	-

27.5 Exceptional items represents interest paid Rs.Nil (Previous Year Rs. 70.80 lakhs)

27.6 Borrowing cost capitalised during the year Rs. 49.57 lakhs (Previous year Rs. Nil)

27.7 Disclosure as per Accounting standard - 15

	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
Define Contribution Plan-		
The Company has recognized the following amounts in the Profit and Loss Account		
Contribution to Employees Provident Fund	103.16	82.52

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 benefits obligation (DBO)

Opening DBO as on 1st April, 2011	153.85	123.55
Current Service Cost	28.88	18.34
Past Service Cost	-	4.07
Interest Cost	13.08	9.88
Actuarial (Gain)/Loss	6.92	19.03
Benefits Paid	(16.03)	(21.02)
Closing DBO as on 31st March, 2012	186.70	153.85

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

Opening Fair value of plan assets	51.74	48.52
Expected return	4.73	4.44
Actuarial (Gain)/Loss	(0.24)	(0.32)
Contribution by the employer	24.87	20.12
Benefits Paid	(16.03)	(21.02)
Closing fair value of plan assets	65.07	51.74

A reconciliation of 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	186.70	153.85
Less : Fair value of the plan assets at the end of the year	65.07	51.74
Liability recognised in Balance Sheet	<u>121.63</u>	<u>102.11</u>

The total expenses recognised in the Profit and Loss account :

Current Service Cost	28.88	18.34
Past Service Cost	—	4.07
Interest Cost	13.08	9.88
Expected return on Plan assets	(4.73)	(4.44)
Actuarial Gain/(Loss)	7.16	19.35
Net Gratuity cost	44.39	47.20

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	100.00%	100.00%
-----------------------------	---------	---------

The fund is invested in a Group Gratuity-cum-life Assurance Cash Accumulation policy offered by Life Insurance Corporation 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 :

	<u>Current Year</u>	<u>Previous Year</u>
Discount rate	8.50%	8.00%
Expected rates of return on any plan assets	9.15%	9.15%
Average Salary escalation rate	6.00%	5.00%

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

27.8 Earning Per Share

	<u>Current Year</u>	<u>Previous Year</u>
Profit after tax (Rs. In Lakhs)	760.56	628.55
Weighted average number of Equity Shares	7189368	7189368
Basic & Diluted earning per share of Rs. 10/- each	10.57	8.74

27.9 Segment reporting :

- i) As per guidelines contain in AS 17 (Segment reporting), the company is operating in a single segment mainly in manufacture and sale of yarn.
- ii) Secondary Segment is geographical Segment which includes export sales (including export incentive) Rs. 4786.23 lakhs (Previous year Rs. 2450.75 lakhs) and domestic sales Rs. 23282.56 lakhs (Previous year Rs.23081.50 lakhs) All assets of the Company are Located in India except export debtors Rs. 305.88 lakhs (Previous year Rs.248.08 lakhs).

27.10 Related Party Disclosure :

a) List of related parties and relationship

- A) Subsidiary : DSL Hydrowatt Ltd.
- B) Key Management personnel & their relatives :
 - i) Sh. P.K. Daga, Chairman and Managing Director
 - ii) Sh. Shantanu Daga, Senior Management Executive (Grand Son of Shri P. K. Daga)

b) Related Party Transaction

Transaction	Key management personnel		Relatives of Key Management personnel	
	Current Year	Previous Year	Current Year	Previous Year
Remuneration (Rs. in Lakhs)	-	-	9.48	7.14
27.11 Value of Import on CIF basis				(Rs. In lakhs)
			For the year 31st March, 2012	For the year 31st March, 2011
Stores & Spares			34.46	26.72
Capital Goods			106.46	455.63
27.12 Value of Imported and Indigenous Material Consumed and Percentage Thereof.				(Rs. In lakhs)
			For the year 31st March, 2012	For the year 31st March, 2011
	Value	%	Value	%
Indigenous	20315.84	100.00	18379.55	99.98
Imported	-	-	3.31	0.02
	<u>20315.84</u>	<u>100.00</u>	<u>18382.86</u>	<u>100.00</u>
27.13 Value of Imported Consumables and Indigenous Stores & Spare parts Consumed (Excluding charged to other heads)				
			For the year 31st March, 2012	For the year 31st March, 2011
	Value	%	Value	%
Indigenous	588.33	95.45	516.79	94.98
Imported	28.07	4.55	27.30	5.02
	<u>616.40</u>	<u>100.00</u>	<u>544.09</u>	<u>100.00</u>
27.14 Expenditure in Foreign Exchange				
			For the year 31st March, 2012 (Rs. In lakhs)	For the year 31st March, 2011 (Rs. In lakhs)
Travelling			1.84	-
Commission			18.58	8.65
Legal & Professional charges.			1.00	5.15
27.15 Non Resident shareholders etc.				
a) Number of Non Resident shareholders			418	422
b) Number of Shares held by them			153336	146459
c) Amount of Dividend for the Year 2010-2011 not declared,			-	-
d) Amount remitted in foreign currency			-	-
27.16 FOB Value of exports			4409.64	2,255.62
27.17 The Company has prepared current year account as per presentation and disclosure requirement of Revised Schedule VI to the Companies Act, 1956 applicable with effect from 1st April 2011. Previous Year's figures have been reclassified/regrouped to conforms current year figure.				

Signature to notes 1 to 27.17

In terms of our Report of even date attached.

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

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 15th May, 2012

PUNEETA ARORA
Company Secretary

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

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, 2012 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. 8208.69 lacs as at 31st March, 2012, total revenue of Rs.1736.46 lacs and net cash out flow of Rs. 105.16 lacs 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.
5. *Refer Note No 11 regarding accumulated Cenvat Credit aggregating Rs. 856.60 lacs (Previous year Rs. 1005.28 lacs.) 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 near future due to uncertainty involved.*
6. *Subject to our inability to ascertain the financial impact, if any, due to reason given in 5 above, based on our audit and 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) In the case of the consolidation balance sheet, of the state of affair of the Deepak Spinners Limited and its subsidiary as at 31st March, 2012
 - b) In the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - c) In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Place : New Delhi
Dated : 15th May, 2012

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

**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012**

		(Rs. in lakhs)	
		As at	As at
		31st March, 2012	31st March, 2011
I	EQUITY AND LIABILITIES		
	(1) Shareholders' Funds		
	(a) Share Capital	720.11	720.11
	(b) Reserves and Surplus	5,759.16	4,627.47
		<u>6,479.27</u>	<u>5,347.47</u>
	(c) Minority Interest	682.44	324.73
		<u>7,161.71</u>	<u>5,672.31</u>
	(2) Non-Current Liabilities		
	(a) Long-term Borrowings	5,654.82	6,506.85
	(b) Deferred Tax Liabilities (Net)	1,247.12	1,282.29
	(c) Other Long-term Liabilities	1,903.04	1,713.76
	(d) Long-term Provisions	157.87	201.91
		<u>8,962.85</u>	<u>9,704.81</u>
	(3) Current Liabilities		
	(a) Short-term Borrowings	4,369.11	4,264.63
	(b) Trade Payables	1,555.54	1,908.81
	(c) Other Current Liabilities	1,981.40	2,949.66
	(d) Short-term Provisions	152.04	65.55
		<u>8,058.09</u>	<u>9,188.65</u>
	Total	<u>24,182.65</u>	<u>24,565.77</u>
II	ASSETS		
	(1) Non-Current Assets		
	(a) Fixed Assets		
	(i) Tangible Assets	14,834.63	15,377.97
	(ii) Capital Work-in-Progress	323.90	51.54
	(b) Long-term Loans and Advances	1,332.50	1,495.43
	(c) Trade Receivables	-	-
	(d) Other Non-Current Assets	16.39	90.90
		<u>16,507.42</u>	<u>17,015.84</u>
	(2) Current Assets		
	(a) Inventories	4,013.33	3,935.62
	(b) Trade Receivable	2,633.75	2,536.17
	(c) Cash and Bank Balances	184.46	179.60
	(d) Short-term Loans and Advances	652.69	682.65
	(e) Other Current Assets	191.00	215.89
		<u>7,675.23</u>	<u>7,549.93</u>
	Total	<u>24,182.65</u>	<u>24,565.77</u>
	Contingent Liabilities and Commitments	'16'	
	Summary of significant accounting policies and other notes on accounts	'26'	

The accompanying notes are an integral part of the financial Statements
In terms of our Report of even date attached.

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

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 15th May, 2012

PUNEETA ARORA
Company Secretary

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

DEEPAK SPINNERS LIMITED

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

		(Rs. in lakhs)	
		For the Year ended 31st March, 2012	For the Year ended 31st March, 2011
I.	REVENUES		
	Revenue from Operations	29,793.23	26,782.74
	Less : Excise Duty	96.76	203.01
	Revenue from Operations (Net)	<u>29,696.47</u>	<u>26,579.73</u>
II.	Other Income	393.97	241.39
III.	Total Revenues (I + II)	<u>30,090.44</u>	<u>26,821.12</u>
IV.	EXPENSES		
	Cost of Materials Consumed	20,315.84	18,382.86
	Changes in Inventories of Finished Goods, Work-in-Progress and Waste	(512.29)	(687.66)
	Employees' Benefit Expenses	2,059.66	1,648.04
	Other Expenses	4,209.05	4,132.29
V.	Total	<u>26,072.26</u>	<u>23,475.53</u>
VI.	Profit before Finance Cost, Tax, Depreciation and Exceptional Items (III - V)	4,018.18	3,345.59
	Finance Cost	1,466.30	1,207.17
	Depreciation Expenses	1,096.21	1,066.88
VII.	Profit before Exceptional Items & Tax	1,455.67	1,071.54
VIII.	Exceptional Items	-	70.81
IX.	Profit before tax (VII - VIII)	1,455.67	1,000.73
X.	Tax Expense		
	- Current Tax	320.03	207.05
	- Deferred Tax	(35.17)	(73.39)
XI.	Profit after Tax for the year (IX - X)	1,170.81	867.07
	Less : Share of Minority Interest in Profit	195.03	110.87
	Balance Profit for the year	<u>975.78</u>	<u>756.20</u>
	Basic & Diluted Earnings Per Equity Share (of Rs. 10 each) (Rs.)	13.57	10.52
	Summary of significant accounting policies and other notes on accounts		
	The accompanying notes are an integral part of the financial statements		

In terms of our Report of even date attached.

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

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 15th May, 2012

PUNEETA ARORA
Company Secretary

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



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012	(Rs. in lakhs) Year ended 31st March, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit/(Loss) before Tax	1,455.67	1000.73
Adjustment for -		
Depreciation	1,096.21	1066.88
Excess Depreciation written back	(32.02)	-
Finance Cost	1,466.30	1207.17
Profit on sale/discard of Fixed Assets (Net)	(15.73)	126.91
Interest on term Loan (Exceptional Items)	-	70.80
Interest Income	(116.69)	(110.36)
Bad Debts & Advances Writtten off	80.99	30.15
Provision for Doubtful Debts/Advances	-	26.43
Exchange Difference (Net)	(5.30)	(3.52)
Operating Profit before Working Capital Changes	3929.43	3415.19
Adjustment for -		
Trade & Other Receivables	384.03	(727.65)
Inventories	(77.71)	(1,161.29)
Trade Payables & Other Liabilities	(188.67)	1160.66
	4047.08	2686.91
Direct Taxes Paid	(507.22)	(99.39)
Net Cash from Operating Activities (A)	3539.86	2587.52
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(827.29)	(3,180.12)
Sale of Fixed Assets	43.98	738.08
Movement in Fixed Deposits	(15.64)	(33.69)
Interest received	117.19	110.24
	(681.76)	(2,365.49)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Long Term Borrowings	(2,012.82)	911.43
Increase in Short Term Borrowings	104.48	140.59
Increase in Preference Share Capital	190.50	-
Capital subsidy received	332.00	-
Finance Cost (including capitalised)	(1,466.08)	(1,277.97)
Dividend Paid	(13.22)	(16.21)
	(2,865.14)	(242.16)
Net Cash from Financing Activities (C)		
Net Increase/Decrease in Cash & Cash Equivalents (A+B+C)	(7.04)	(20.13)
Cash and Cash equivalents as at (Opening Balance)	132.25	152.38
Cash and Cash equivalents as at (Closing Balance)	125.21	132.25
Components of cash & cash equivalents		
Cash in hand	10.66	4.92
Cheques/Drafts in Hand	3.33	108.37
Balance with Sheduled Banks		
In Current Accounts	111.22	18.96
Unclaimed Dividend Accounts	10.78	14.52
Fixed Deposits Accounts	46.14	30.00
Employees Security Deposits Accounts	2.33	2.83
	184.46	179.60
Less : Fixed Deposit, Employee Security Deposit & Margin Money consider in investing Activity & Unclaimed Dividend lying with Bank	59.25	47.35
Cash and Cash Equivalents	125.21	132.25

As per our Report of even date attached.

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

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 15th May, 2012

PUNEETA ARORA
Company Secretary

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

DEEPAK SPINNERS LIMITED

NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31st March, 2012	(Rs. in lakhs) As at 31st March, 2011
1. Share Capital :		
Authorized :		
80,00,000 (Previous year 80,00,000) Equity Shares of Rs.10/- each	800.00	800.00
	800.00	800.00
Issued :		
72,12,868 (Previous year 72,12,868) Equity Shares of Rs.10/- each	721.29	721.29
	721.29	721.29
Subscribed and Fully Paid-up Shares		
71,89,368 (Previous year 71,89,368)		
Equity Shares of Rs.10/- each fully paid-up	718.94	718.94
Add : Forfeited Shares (Amount originally Paid-up)	1.17	1.17
	720.11	720.11

Terms / Rights attached to Equity Shares

Each holders of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders. There is no restriction on distribution of dividend. However same is subject to the approval of the share holders in the Annual General Meeting.

Reconciliation of the number of Equity Shares outstanding :

Equity Shares outstanding at the beginning of the year	7189368	7189368
Equity Shares allotted during the year	-	-
Equity Shares outstanding at the end of the year	7189368	7189368

Shareholder holding more than 5 percent Equity Shares of the Company :

S.No	Name of Shareholder	As at 31st March, 2012		As at 31st March, 2011	
		Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding
1	M/s. Mangalam Engineering Projects Ltd.	918,929	12.78	918,929	12.78
2	Sh. Pradip Kumar Daga	458,389	6.38	458,389	6.38
3	M/s. Contransys Pvt. Ltd	402,100	5.59	402,100	5.59
4	M/s. Jalpaiguri Holding Pvt. Ltd.	386,400	5.37	386,400	5.37
5	Smt. Asha Devi Daga	364,062	5.06	364,062	5.06

	As at 31st March, 2012	As at 31st March, 2011
2. Reserves and Surplus :		
(i) Capital Reserve		
Balance as per last financial statement	392.00	392.00
Add : Capital Subsidy received during the year	332.00	-
	724.00	392.00

	As at 31st March, 2012	(Rs. in lakhs) As at 31st March, 2011
(ii) Securities Premium Account		
Balance as per last financial statement	217.81	217.81
(iii) General Reserve		
Balance as per last financial statement	3,105.48	2,880.18
Add : Additions during the year	12.74	225.30
	3,118.22	3,105.48
(iv) Profit & Loss Statement -Balance		
Balance as per last financial statement	1,232.11	603.56
Add : Profit for the year before Minority Interest	1,170.81	867.07
Less : Appropriation		
Proposed Dividend	1.18	0.98
Corporate Dividend Tax	0.19	0.16
Dividend on Preference Shares	10.36	10.36
Tax on Preference Share Dividend	1.68	1.72
Transfer to General Reserve	12.74	225.30
	26.15	238.52
(v) Total Reserve & Surplus (i to iv)	6,436.80	4,947.40
Less : Minority Interest	677.64	319.93
Total Reserve & Surplus (i to iv) - (v)	5,759.16	4,627.47

3. Long-term Borrowings

	Non-current portion		Current maturities	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
(i) Secured				
(a) Term Loans from Banks	5,647.80	6,502.38	1,172.76	2,278.84
(b) Corporate Loan from Bank (Paid during the year)	-	-	-	50.00
(c) Other Loans & Advances (Vehicle Loan)	7.02	4.47	5.35	10.08
	5,654.82	6,506.85	1,178.11	2,338.92
(ii) Amount disclosed under the head "other current liabilities" (Refer Note No. 9)	-	-	(1,178.11)	(2,338.92)
(Total i-ii)	5,654.82	6,506.85	-	-

- a. Term loans of Holding company amounting Rs. 2877.30 Lakhs (Previous year Rs. 3924.69 Lakhs) from a bank are secured by first charge on present and future movable plant and machinery purchased under TUFS subject to prior charges in favour of bankers for securing working capital borrowings. These loans are further secured by personal guarantees of two directors of the company.
- Term Loan of subsidiary company amounting Rs. 3943.26 Lakhs (Previous year Rs. 4856.53 Lakhs) from a bank are secured by way of first and exclusive charge against all movable and immovable properties (including current assets) of the subsidiary company, both present and future.

DEEPAK SPINNERS LIMITED

b. Corporate loan of Holding Company from Banks is 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. These loans are further secured by personal guarantee of two Directors.

c. Loan amounting Rs. 7.10 Lakhs (Previous Year. Nil) relating to Holding company is Secured by hypothecation of vehicle, financed and carries interest rate of 10.97% per annum. payable in 48 equal monthly instalment beginning with April, 2012.

Loan amounting Rs.5.27 Lakhs (Previous year Rs. 14.55 Lakhs) relating to Subsidiary company is secured against hypothecation of vehicles.

Informations about the borrowings in respect of subsidiary company is given to the extent available.

(ii) Terms of Repayments of Non-Current Portion :

Current Year

As at 31st March,2012 (Rs. in lakhs)	Rate of Interest	Repayment No. of Installments	Repayment Periodicity
113.51	14.00% to 15.75% linked with SBAR	13-22	Quarterly Equal Annually Graded
1168.59	14.00% to 15.75% linked with SBAR	13-30	Quarterly Equal Annually Graded
163.29	14.00% to 15.75% linked with SBAR	13-33	Quarterly Equal Annually Graded
267.30	14.00% to 15.75% linked with SBAR	12-17	Quarterly Equal Annually Graded
764.61	14.25 % linked with SBAR	-	Loan partly received out of sanctioned Rs. 30 crores, quarterly installment will commence from 31.12.2013
2477.30			

Previous Year

As at 31st March,2011 (Rs. in lakhs)	Rate of Interest	Repayment No. of Installments	Repayment Periodicity
143.43	12.75% to 14.00% linked with SBAR	9-26	Quarterly Equal Annually Graded
1434.13	12.75% to 14.00% linked with SBAR	9-34	Quarterly Equal Annually Graded
195.04	12.75% to 14.00% SBAR	9-37	Quarterly Equal Annually Graded
348.00	14.00% to 15.75% linked with SBAR	8-21	Quarterly Equal Annually Graded
2120.60			

	(Rs. in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
4. Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities on account of :		
Depreciation	1,324.27	1,351.01
	1,324.27	1,351.01
Deferred Tax Assets on account of :		
Provisions For Employees Benefits	60.89	45.37
Other Timing Differences	16.26	23.35
	77.15	68.72
Deferred Tax Liabilities/ (Assets) Net	1,247.12	1,282.29

	(Rs. in lakhs)	
	As at 31st March, 2012	As at 31st March, 2011
5. Other Long-term Liabilities		
Preference Shareholders of Subsidiary Company	1,890.50	1,700.00
Trade Deposits	11.90	12.36
Employee Security Deposits	0.64	1.40
	1,903.04	1,713.76

6. Provisions

	Long-term		Short-term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Provision for Employee Benefits	157.69	112.87	32.28	52.33
Proposed Dividend	–	–	1.18	0.98
Corporate Dividend Tax	–	–	0.19	0.16
Dividend on Preference Shares	–	–	10.36	10.36
Tax on Preference Share Dividend	–	–	1.68	1.72
Provision for Tax (Net)	–	81.94	106.35	–
Provision for Fringe Benefit Tax	0.18	7.10	–	–
	157.87	201.91	152.04	65.55

	As at 31st March, 2012	As at 31st March, 2011
7. Short-term Borrowings		
A Secured		
Loan repayable on demand		
* From Banks	3,842.40	3,534.92
	3,842.40	3,534.92
B Unsecured		
Loan repayable on demand		
From Others	526.71	729.71
	526.71	729.11
	4,369.11	4,264.63

a. Securities :

(i) * Working capital facilities related to Holding Company amounting Rs. 3745.57 Lakhs (Previous year Rs. 3468.12 Lakhs) from Banks are secured by first charge on current assets both present and future and additionally 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.

Working capital facilities related to subsidiary company amounting Rs. 96.83 Lakhs (Previous year Rs. 66.80 Lakhs) is secured by hypothecation of closing stock and trade receivables. The cash credit is repayable on demand.

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	As at 31st March, 2012	(Rs. in lakhs) As at 31st March, 2011
8. Trade Payables **		
Others	1,555.54	1,908.81
	1,555.54	1,908.81

** 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.

9. Other Current Liabilities

Current maturities of long-term debts	1,178.13	2,338.92
Interest accrued but not due on borrowings	37.11	-
Interest accrued and due on borrowings	12.68	-
Preference Shareholders of Subsidiary Company	172.70	172.70
Unpaid Dividends	10.78	14.52
Customers' Credit Balances and Advances against orders	173.67	184.57
Creditors for Capital Goods	5.43	-
Security Deposits	4.65	3.49
Statutory Dues	172.05	83.72
Employees liabilities	214.20	151.74
	1,981.40	2,949.66

Note No.10

FIXED ASSETS

(Rs. in Lakhs)

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK	
	As at 1.04.11	Additions	Deductions/ Adjustments	Total as at 31.03.12	Upto 31.03.11	During the year	Deductions/ Adjustments	Excess Dep. Written Back	Total as on 31.03.12	As at 31.03.12	As at 31.03.11
TANGIBLE ASSETS											
Freehold Land *	137.28	5.00	-	142.28	-	-	-	-	-	142.28	137.28
Leasehold Land	140.73	6.28	-	147.01	18.18	3.18	-	-	21.36	125.65	122.55
Buildings	5,065.67	37.94	4.02	5,099.59	1,105.81	157.35	0.27	-	1,262.89	3,836.70	3,959.86
Plant and Equipment	19,071.82	470.85	263.28	19,279.39	8,031.67	914.66	246.74	14.76	8,684.83	10,594.56	11,040.15
Office Equipments	121.15	5.09	(0.82) **	127.06	93.02	4.99	-	1.26	96.75	30.31	28.13
Furniture & Fixtures	101.70	3.98	0.96	104.72	89.45	5.13	0.13	11.13	83.32	21.40	12.25
Vehicles	141.28	19.95	13.21	148.02	63.53	10.90	5.26	4.87	64.30	83.72	77.75
Total	24,779.63	549.09	280.65	25,048.07	9,401.66	1,096.21	252.40	32.02	10,213.45	14,834.62	15,377.97
Previous Year	21,580.44	6,040.34	2,841.15	24,779.63	9,660.94	1,066.88	1,126.16	-	9,401.66	15,377.97	

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

Represents Amortisation of Lease Rent.

** Regrouped during the year.

11. Loans and Advances :
(Unsecured, Considered Good)

(Rs. in lakhs)

	Long-term		Short-term	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
Capital Advances	478.06	417.22	–	–
Security Deposits	97.58	103.17	7.49	2.72
Advance Current Tax (Net of Provision)	–	–	246.76	42.08
Balances with Excise & Custom Department (a)	731.71	885.50	125.00	120.00
Advance Recoverable in Cash or in Kind	12.70	1.10	246.84	487.29
Prepaid Expenses	1.25	1.20	20.34	17.17
Other Receivable	11.20	87.24	6.26	13.39
	1,332.50	1,495.43	652.69	682.65

(a) 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 31.03.2012 the accumulated cenvat credit balance was Rs.856.60 lakhs (Previous Year Rs. 1005.28 lakhs). Based on sale projections, the management is quite hopeful to utilise the above accumulated cenvat credit by paying duty on export goods under claim for rebate/ refund and on value addition of the yarn.

Hence in the opinion of the management at this stage, no provision is required for non usable excess cenvat credit.

12. Trade Receivables :

(Unsecured, Considered Good unless otherwise stated)

(Rs. in lakhs)

	Non-current		Current	
	As at 31st March, 2012	As at 31st March, 2011	As at 31st March, 2012	As at 31st March, 2011
(a) Outstanding for more than six months (from due date)				
Considered Good	–	–	225.02	180.58
Considered Doubtful	15.31	24.80	–	–
	15.31	24.80	225.02	180.58
Less : Provision for Doubtful	15.31	24.80	–	–
	–	–	225.02	180.58
(b) Other Receivables	–	–	2,408.73	2,355.59
	–	–	2,633.75	2,536.17

13. Other Assets :

(Unsecured, Considered Good)

Export Benefits/ Claims Receivables	14.92	–	183.05	212.21
Interest Accrued on Fixed Deposits	1.27	6.04	0.78	0.30
Interest Accrued on others	–	–	7.17	3.38
Margin Money against Bank Guarantee	0.20	11.05	–	–
Excise Duty Refund	–	73.81	–	–
	16.39	90.90	191.00	215.89

DEEPAK SPINNERS LIMITED

	As at 31st March, 2012	(Rs. in lakhs) As at 31st March, 2011
14. Inventories :		
(As certified by the Management)		
Raw Materials (Including in Transit Rs. 80.40)	1,180.27	1,690.00
Work-in-Progress	304.61	276.53
Finished Goods	2,199.78	1,739.15
Stores and Spares (Including in Transit Rs. 47.39)	321.16	222.35
Waste	7.51	7.59
	<u>4,013.33</u>	<u>3,935.62</u>
Basis of Valuation of Inventories are as under :		
Inventories are valued at cost or net realisable value whichever is lower except waste which is valued at estimated net realisable value.		
15. Cash and Bank Balance :		
(a) Cash and Cash Equivalents		
Cash Balance on hand	10.66	4.92
Cheques/Drafts in Hand	3.33	108.37
Balance with Banks in :		
Current Accounts	111.22	18.96
(b) Earmarked Balances with Banks		
Unpaid Dividend Account	10.78	14.52
Fixed Deposit Account (maturity within three months) (Pledged as Margin with Bank)	46.14	30.00
Employees Security Deposit Accounts	2.33	2.83
	<u>184.46</u>	<u>179.60</u>
16. Contingent Liabilities and Commitments		
A. Contingent Liabilities not provided for in respect of		
a) Bank Guarantee	3.00	3.00
ii) Demand for Excise duty, being contested by the Company * (Amount deposited Rs. 10,00, Previous year Rs.10,00)	55.41	67.61
iii) Demand for Income Tax, being contested by the Company * (Amount deposited Rs. 98,39, Previous year Rs.98,39)	113.31	113.31
iv) Legal Cases (Employees) * *The management believes that the Company has a strong chance of success in these cases, hence no provision considered necessary.	11.32	28.29
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.	4,775.00	2,510.00
vi) Subsidiary Company has issued a Bank Guarantee in favour of the Tata Power Company Limited.	2.00	2.00
B. Capital Commitments (Net of Advance paid)	872.68	839.92



NOTES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

	For the Year ended 31st March, 2012	(Rs. in lakhs) For the Year ended 31st March, 2011
17. Revenue from Operations :		
Sale of Manufactured goods :		
Man Made Synthetic Yarn *	27,740.14	25,338.89
Income From Energy Sales	1,724.44	1,250.49
Other Operating Income		
Export incentives & benefits	328.65	193.36
	<u>29,793.23</u>	<u>26,782.74</u>
Less : Excise Duty	96.76	203.01
Revenue from Operations (Net)	<u>29,696.47</u>	<u>26,579.73</u>
* Sales includes Export Sales of Rs. 4457.58 lakhs (Previous year Rs, 2257.40 lakhs)		
18. Other Income :		
Interest	116.69	110.37
Profit on sale/discard of Fixed Assets (Net)	20.87	-
Miscellaneous Income	62.86	52.91
Net Gain on Foreign Currency translation (Net)	45.85	41.97
Sundry credit balances written back (Net)	46.40	36.14
Excess Depreciation written back	32.02	-
Insurance Claims	59.78	-
Bad Debts Recovered	9.50	-
	<u>393.97</u>	<u>241.39</u>
19. Cost of Materials Consumed :		
Man Made Fibres	19,802.18	18,028.60
Dyes & Chemicals	513.66	354.26
	<u>20,315.84</u>	<u>18,382.86</u>
20. Changes in Inventories of Finished Goods, Work-in-Progress and Waste		
Inventories as at 31st March, 2012		
Work-in-Progress	304.61	276.53
Finished Goods	2,199.78	1,739.15
Waste	7.51	7.59
	<u>2,511.90</u>	<u>2,023.27</u>
Inventories as at 31st March, 2011		
Work-in-Progress	276.53	458.40
Finished Goods	1,739.15	-
Less : Claims	<u>23.66</u>	865.65
Waste	7.59	11.56
	<u>1,999.61</u>	<u>1,335.61</u>
	<u>(512.29)</u>	<u>(687.66)</u>
21. Employees' Benefit Expenses		
Salaries, Wages and Bonus	1,813.30	1,457.12
Contribution to Provident and other Funds	130.27	109.35
Employee Welfare Expenses	116.09	81.57
	<u>2,059.66</u>	<u>1,648.04</u>

DEEPAK SPINNERS LIMITED

	For the Year ended 31st March, 2012	(Rs. in lakhs) For the Year ended 31st March, 2011
22. Other Expenses		
Consumption of Stores & Spares	616.40	544.09
Consumption of Packing Material	406.59	325.13
Purchase of Stock In Trade	9.07	(35.88)
Job Charges	97.79	71.20
Power & Fuel Expenses	2,050.24	2,238.97
Rent	28.26	22.16
Insurance	29.63	19.56
Rates & Taxes	11.23	27.60
Repair and Maintenance		
- Buildings	22.30	20.53
- Machinery	78.48	58.03
- Others	14.46	3.69
Freight & Forwarding Expenses (Net)	404.89	292.26
Commission and Brokerage	86.78	107.20
Miscellaneous Expenses	255.61	243.59
Auditors Remuneration (including service tax)		
- Statutory Auditors	8.61	5.61
- Cost Auditors	0.20	0.20
Loss on sale /discard of Fixed Assets (Net)	5.14	126.91
Loss on sale of Raw Material	-	3.00
Bad Debts & Advances written off (Previous year net of provisions for doubtful Rs. 3.72 Lakhs)	80.99	30.15
Donation	2.38	6.63
Provision for Doubtful Debts/ Advances	-	21.66
	4,209.05	4,132.29
23. Finance Cost		
Interest Expenses \$	1,457.29	1,191.16
Other Borrowing cost	43.58	13.90
Loss on foreign currency translations & transactions (to the extent considered as borrowing cost)	15.00	2.11
	1,515.87	1,207.17
Less : Amount transfered to Capital Work-in-Progress	49.57	-
	1,466.30	1,207.17
 \$ Net of 5 % Interest subsidies received/receivable under TUF (Technology Upgradation Fund) scheme amounting Rs.116.23 lakhs (previous year Rs 205.79 lakhs)		
24. Depreciation Expenses		
Depreciation of tangible assets (Refer Note No. 10)	1,096.21	1,066.88
26. Current Tax		
Current Tax for the year	440.87	207.05
Less : MAT credit entitlement	(127.49)	-
	313.38	207.05
Income tax related to earlier year	6.65	-
Total current tax	320.03	207.05

26 Summary of significant accounting policies and other notes on accounts

26.1 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 the 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.

iv) Information in respect of subsidiary company is given to the extent available.

(c) The Company's interest in DSL Hydrowatt Limited is 51%. DSL Hydrowatt Limited is incorporated in india.

26.2 Summary of Significant Accounting Policies :

i) a) **Recognition of Income and Expenditure :**

Income and Expenditure are accounted for on accrual basis except interest from customers and insurance claim lodged with insurance company pending for settlement due to uncertainty in realisation are accounted for as and when received/settled.

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. 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.

26.3 Balances of debtors, creditors and others are subject to confirmation.

26.4 Exceptional items represents interest Rs.NIL (Previous Year Rs. 70.80 lakhs)

26.5 Prior Period Expenses Nil (Previous year Rs. 6.09 Lacs) has been adjusted in respective heads.

26.6 Borrowing cost capitalised during the year Rs. 49.57 Lakhs (Previous Year Rs. NIL)

26.7 The Subsidiary Company commissioned its small Hydropower Project known as Sarbari - I with a capacity of 4.5 MW of 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 5.4 MW is under implemetation at village Shalang, Taluka Sarbari, Distt. Kullu, Himachal Pradesh.

In respect of both the projects implementation aggrement have been entered into with the Himachal Pradesh State Electricity Board, Simla, (H.P.) and the agreements has an initial validity of 40 years.

26.8 Earning Per Share

	<u>Current Year</u>	<u>Previous Year</u>
Profit after tax (Rs. in Lakhs)	975.78	756.20
Weighted average number of Equity Shares	7189368	7189368
Basic & Diluted earning per share of Rs. 10/- each	13.57	10.52

26.9 Segment reporting :

i) Primary Segment Information

(Rs. in Lakhs)

Sl. No.	Reportable Segments	2011-2012			2010-2011		
		Yarn	Power	Total	Yarn	Power	Total
1)	Segment Revenue						
	Revenue from Operations	27972.03	1724.44	29696.47	25329.24	1250.49	26579.73
	Inter Segment Revenue	-	-	-	-	-	-
	Total Revenue from Operation	27972.03	1724.44	29696.47	25329.24	1250.49	26579.73
2)	RESULTS						
	Segment Results	1507.86	1109.65	2617.51	1472.57	752.08	2224.65
	Less : i) Finance Cost			1466.30			1207.17
	Add : i) Unallocable Income (Net of expenses)			304.46			(16.75)
	Total Profit before Tax			1455.67			1000.73
	Less : Provision for Taxation						
	Current Tax			320.03			207.05
	Deferred Tax			(35.17)			(73.39)
	Profit after Tax before Minority Interest			1170.81			867.07
	Less : Minority Interest			195.03			110.87
	Net Profit			975.78			756.20
3)	OTHER INFORMATION						
	Segment Assets	15936.15	8187.33	24123.48	15895.38	8533.44	24428.82
	Unallocable Assets			59.17			159.46
	Total			24182.65			24588.28
	Segment Liabilities	2277.83	156.57	2434.40	2173.24	332.30	2505.54
	Unallocable Liabilities			3384.48			3413.23
	Total			5818.88			5918.77
	Capital Expenditure	685.74	135.71	821.45	1169.79	1769.10	2938.89
	Depreciation & Amortisation/ Impairment	686.86	409.35	1096.21	749.27	317.61	1066.88

- ii) Secondary Segment is geographical Segment which includes export sales (including export incentive) Rs. 4786.23 (Previous year Rs. 2450.76) and domestic sales Rs. 25007.00 (Previous year Rs. 24331.99). All assets of the Company are located in India except export debtors Rs. 305.88 (Previous year Rs. 248.08).

26.10 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 Lakhs)	
		Current Year	Previous Year
a)	Capital	2,072.99	1,882.49
b)	Reserve	1,380.78	651.94
c)	Total Assets	8,208.70	8,634.71
d)	Total Liability	4,754.93	6,100.28
e)	Turnover	1,724.44	1,250.49
f)	Profit Before Tax	530.87	301.30
g)	Provision For Tax	106.22	60.05
h)	Profit After Tax	424.65	241.25
i)	Proposed Dividend	11.54	11.34
j)	Dividend Distribution Tax	1.87	1.88

26.11 Related Party Disclosure :

a) List of related parties and relationship

Key Management personnel & their relatives :

- i) Sh. P.K. Daga, Chairman and Managing Director
- ii) Sh. Shantanu Daga, Senior Management Executive (Grand Son of Shri P. K. Daga)

b) Related Party Transaction

Transaction

Transaction	Key management personnel		Relatives of Key Management personnel	
	Current Year	Previous Year	Current Year	Previous Year
	Remuneration (Rs. in Lakhs)	-	-	9.48

26.12 The Company has prepared current year account as per presentation and disclosure requirement of Revised Schedule VI to the Companies Act, 1956 applicable with effect from 1st April 2011. Previous Year's figures have been reclassified/regrouped to conforms current year figure.

Signature to notes 1 to 26.12

In terms of our Report of even date attached.

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

B. K. SIPANI
Partner
Membership No. 88926
Place : New Delhi
Date : 15th May, 2012

PUNEETA ARORA
Company Secretary

P. K. DAGA
Chairman and Managing Director
YASHWANT DAGA
VIKRAM PRAKASH
J. N. PATHAK
P. K. DROLIA
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 Friday, the 21st September, 2012 at 12.30 P.M. and at any adjournment thereof.

AS WITNESS my/our hand this day of 2012
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 Friday, the 21st September, 2012 at 12.30 P.M.

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 slip 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