



ANNUAL REPORT
&
ACCOUNTS
2012 - 2013

DEEPAK SPINNERS LIMITED

**Board of Directors**

Shri Pradip Kumar Daga, Chairman and Managing Director
Shri Vikram Prakash
Shri Yashwant Daga
Shri P. K. Drolia

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 S. K. Sharma, Vice President (Personnel & Admn.)

Guna Works

Village : Pagara
Tehsil & Distt. Guna
Madhya Pradesh

Shri Ashok Kumar Gupta, Sr. Vice President (Works)
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

DEEPAK SPINNERS LIMITED

NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of Deepak Spinners Limited will be held on Friday, the 16th day of August, 2013 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 2013 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 Yashwant Daga, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors and to fix their remuneration.

By Order of the Board

Place : New Delhi
Date : 17.05.2013

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 14.08.2013 to 16.08.2013 (both days inclusive).
3. Members are requested to notify the change in their addresses to the Company at S.C.O.16, 2nd Floor, Sector-26, Madhya Marg, Chandigarh-160019 latest by 14.08.2013.
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 till 2004-05.
The Company shall be transferring unclaimed / unpaid dividends in respect of financial year 2005-06 to IEPF in October 2013.
Members who have not yet encashed their dividend warrant(s) for the financial year ended 30.06.2006 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. 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.
7. 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.

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

Name of Director	Shri Yashwant Daga
Date of Birth	07-03-1961
Date of Appointment	19-02-1998
Qualification	B.Com (Hon's)
Experience in Specific Functional Area	Industrialist with varied experience of more than 25 years, particularly in Tea, Textiles, Spinning, Hydro Power & Engineering.
List of other Directorships held	<ol style="list-style-type: none"> 1. Brua Hydrowatt Limited 2. Contransys Pvt. Ltd. 3. Deepak Gears Limited 4. Longview Tea Company Limited 5. Merlin Holdings Pvt. Ltd. 6. Narsingh Holdings Pvt. Ltd. 7. Solding Hydrowatt Pvt. Ltd. 8. HGI Industries Limited 9. Mint Investments Limited 10. Oudh Sugar Mills Limited
Chairman /Member of the Committees of Board of Directors of the Company	Audit Committee (Member)Shareholders / Investors Grievances Committee (Member)Remuneration Committee (Member)Selection Committee (Member)
Chairman of the Committee of directors of other Companies in which he is a director	<ol style="list-style-type: none"> 1. Longview Tea Company Limited (Member - Audit Committee and Shareholder /Investors Grievances Committee) 2. HGI Industries Limited (Member - Audit Committee and Shareholder /Investors Grievances Committee) 3. Mint Investments Limited (Member - Audit Committee and Shareholder /Investors Grievances Committee) 4. Oudh Sugar Mills Limited (Member - Audit Committee and Shareholder / Investors Grievances Committee)

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their Report together with the Audited Accounts for the year ended 31st March 2013.

FINANCIAL RESULTS	(Rs.in Lacs)
Profit before Depreciation,	2750.52
Exceptional Items and Tax	
Less : Depreciation	745.91
Exceptional Item	—
Provision for Tax	
- Tax related to current year	483.21
- Deferred Tax Debit	222.17
Net Profit	<u>1299.23</u>

DIVIDEND

Your Directors are of the view that the textile industry has a need for continuous upgradation and modernization. Your Company also desires to steadily expand its operations. As such, it is considered prudent for funds to be conserved in order to achieve cost effectiveness and to service the increased debt. Accordingly, your Directors regret inability to declare any dividend this year.

GENERAL REVIEW

The implementation of expansion and modernization programme at both the units has progressed satisfactorily and should be completed by June 2013. The solar power generation plant has been successfully commissioned.

Availability of labour continues to be a matter of concern. Frequent changes in the prices of man-made fibers also leads to avoidable difficulties. The operations of the year under review are satisfactory and efforts are being directed towards further improvement in performance. The current year will

be devoted to consolidation and to optimization of returns on capital investments.

SUBSIDIARY COMPANY

During the year under review, your Company has divested its entire shareholding in DSL Hydrowatt Limited and, as such, this company no longer remains a subsidiary of your Company.

DIRECTORS' RESPONSIBILITY 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 along with 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

The Directors regret to inform you that Shri J. N. Pathak, our seniormost Director, left for his heavenly abode in January 2013. We express our deep appreciation of the guidance and sound advice extended by Late Shri J. N. Pathak during his long association with your Company.

Shri Yashwant Daga, 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.

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.

Place : New Delhi
Date : 17.05.2013

P. K. DAGA
*Chairman and
Managing Director*

VIKRAM PRAKASH
Director

**YASHWANT DAGA
PRADEEP KUMAR DROLIA**
Directors

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 –

- Arrested air leakages to reduce compressed air consumption
- Installed condensate recovery system to reduce consumption of pet coke
- Replaced conventional motors with energy efficient ones

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

- 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.
- Installing filters & drain valves to improve the quality of air, thereby increasing the life of pneumatic components.
- Installing inverter drives in Ring frames to reduce power consumption & increase productivity.
- Optimization of fuel feeding, resulting in higher efficiency.

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.

- Our energy conservation measures at (a) above, have resulted in annual savings of Rs. 25 lacs and further annual savings of Rs. 25 to 30 Lacs are expected after implementing the measures at (b) above.

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)	23.92	23.78
Total amount (Rs. in Millions)	128.74	116.17
Rate / Unit	5.38	4.89
(b) Own Generation		
i) Through D.G. Sets (Million Units)	0.19	0.40
Units amount (Rs. in Millions)	2.18	6.11
Cost / Unit	11.47	15.28
ii) Through steam turbine (Million Units)	16.94	18.49
Units per kg. of Bio – Fuel	0.51	0.51
Cost / Unit	4.17	4.16

DIRECTORS' REPORT (contd.)

2. Coal (C Grade) used in Boiler		
(Quantity – Million Kgs)	1.42	1.96
Total cost (Rs. in Millions)	13.84	19.62
Average rate per Kg.	9.74	10.03
B. Consumption per unit of production		
Production of yarns (Million Kgs)	19.20	18.46
Electricity (KWH/Kg.)	2.14	2.32
Others		
Diesel (Ltr/Kg. Yarn)	0.005	0.05
Bio – Fuel (Kg/Kg. Yarn)	3.47	3.63

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 & cost reduction. In the past year, it developed yarns of fine counts in numerous shades to further enhance its product mix and market.

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

The various products have widened the company's product portfolio, thereby increasing 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 innovation & cost reduction in order to remain ahead of the curve.

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	995.65
Total Foreign exchange earned	3127.06

Place : New Delhi
Date : 17.05.2013

P. K. DAGA
*Chairman and
Managing Director*

VIKRAM PRAKASH
Director

**YASHWANT DAGA
PRADEEP KUMAR DROLIA**
Directors

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INDUSTRY SCENARIO**

The Indian textile industry is one of the mainstays of the national economy. It makes significant contribution to industrial output, employment generation and export earnings of the country. The textiles industry accounts for 14% of the industrial production, which is 4% of GDP, employs 45 million people and accounts for approximately 11 per cent of the country's total exports. Indian Textile Industry is one of the leading textile industries in the world, being the third largest exporter of textile products in the world trailing European Union (EU)-27 and China as per latest World Trade Organisation (WTO) data.

Technology Upgradation Fund Schemes (TUFS) for providing maximum subsidy in interest rates on loans to Textile Industry shall continue in 12th plan.

A new scheme with an outlay of Rs. 500 crore called the Integrated Processing Development Scheme has been proposed to be implemented in the 12th plan to address environmental concerns of the textile industry including, improvement in the effluent treatment infrastructure.

RISKS AND CONCERNS

With the cost of production going up in China, MMF based textiles industry on India has an opportunity of opening up for expansion of its market share, if cost of production can be brought down.

In the Union Budget 2013-14, Central Excise duty remains unchanged at 12% on manmade fibres (MMFs) and also, industry's demand for reduction in custom duty on raw materials for MMFs has not been fulfilled.

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. The other areas of concern are rising crude oil prices, high power costs and lack of skilled labour.

OUTLOOK

The volatility in the European market during 2012, affected severely India's Textile and Clothing exports to European Union (EU). An urgent need is being felt to restructure domestic textile industry to address the slowdown in the foreign market.

The Indian Textile Industry should explore markets in newly industrialized countries of South East Asia, specially, China, who have significant potential for absorbing imports of textile products.

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 can alleviate the problem of lack of skilled labour to some extent. Companies having in-house power generation are able to cut down on power costs effectively.

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 2013 were 1093.

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.

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

The Board of Directors 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 2013, 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 : 17.05.2013

P. K. DAGA
Chairman and
Managing Director

REPORT ON CORPORATE GOVERNANCE

1) Company's Philosophy on Code of Corporate Governance

The Company has set itself the objective of expanding its capacities and becoming competitive in its business. As a part of its growth strategy, the Company believes in adopting the best practices in the area of Corporate Governance. 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. We have adopted practices mandated in Clause 49 and have 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	Attendance at		*Directorship in		Committee Membership	
	Board Meeting	Last AGM	other companies As Director	other companies As Chairman	in other companies As Member	in other companies As Chairman
Promoter Non-Executive						
Yashwant Daga	5	Yes (by proxy)	9	—	6	—
Promoter Executive						
P. K. Daga	4	Yes	3	1	4	1
Chairman and Managing Director						
Independent Non-Executive						
Vikram Prakash	4	Yes	6	—	2	4
Pradeep Kumar Drolia	4	—	5	—	—	—
J.N.Pathak	3	—	—	—	—	—

*Including Private Limited Companies.

Shri J. N. Pathak expired in January 2013.

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 2013, five meetings of the Board of Directors were held on 15th May 2012, 11th August 2012, 02nd November 2012, 09th November 2012 and 14th February 2013.

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 comprised of four Non - Executive Directors namely Shri Vikram Prakash, Chairman, Shri Yashwant Daga, Shri J. N. Pathak and Shri Pradeep Kumar Drolia as members. After demise of Shri J. N. Pathak, in January 2013, the Committee, now, comprises of three Non-Executive Directors. 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 15th May 2012, 11th August 2012, 09th November 2012 and 14th February 2013. 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	Three

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 comprised of Shri Vikram Prakash, Shri Yashwant Daga, Shri J. N. Pathak and Shri Pradeep Kumar Drolia. After demise of Shri J. N. Pathak, in January 2013, the Committee, now, comprises of three Non-Executive Directors.

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

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

Particulars of remuneration paid :

Name of the Director	Salary	Perquisites/LTA	Commission	Sitting Fee	Total
Shri P. K. Daga (Chairman and Managing Director)	—	—	—	—	—
Shri Yashwant Daga	—	—	—	135000	135000
Shri Vikram Prakash	—	—	—	120000	120000
Shri Pradeep Kumar Drolia	—	—	—	105000	105000
Shri J.N.Pathak	—	—	—	90000	90000

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.

DEEPAK SPINNERS LIMITED**Shareholdings of non executive directors in the Company as on 31st March 2013 :**

Non-Executive Directors	No of ordinary shares @ Rs.10/- held singly and/or jointly
Shri Yashwant Daga	234020

d) Shareholders / Investors Grievances Committee

The Committee comprised of four Non-Executive Directors namely, Shri Vikram Prakash, Shri J.N.Pathak, Shri Yashwant Daga, and Shri Pradeep Kumar Drolia, as members. After demise of Shri J. N. Pathak, in January 2013, the Committee, now, comprises of three Non-Executive Directors.

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

The Committee deals with shareholders complaints and grievances etc.

- During the financial year ended 31st March 2013, 6 complaints were received and all were satisfactorily disposed off. As on 31.03.2013, pendency is Nil.
- There were no pending requests for Share transfers as on 31st March 2013.

During the year, this Committee held four meetings on 15th May 2012, 11th August 2012, 09th November 2012 and 14th February 2013. 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	Three

e) Selection Committee

The Selection Committee has been constituted to consider and recommend appointment of Relatives of Directors. The Selection Committee comprised of Shri Vikram Prakash, Shri Yashwant Daga and Shri Pradeep Kumar Drolia and Shri J.N.Pathak. After demise of Shri J. N. Pathak, in January 2013, the Committee, now, comprises of three Non-Executive Directors.

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

4) General Body Meetings

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

Particulars	Location	Date	Time	Whether any special resolution passed
28th AGM	121, Industrial Area, Baddi Tehsil Nalagarh, Distt. Solan Pin - 173 205 (H.P.)	17-09-2010	12.15 P.M	2
29th AGM	-do-	20-09-2011	12.15 P.M	2
30th AGM	-do-	21-09-2012	12.30 P.M	1

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.

30th AGM held on 21.09.2012

- To carry on the business activity, that is generation and distribution of solar energy, covered under the other objects of the Memorandum of Association.
- b) Extra Ordinary General Meeting of the shareholders of the Company was held on 30th March 2013 to pass the following Special Resolutions –
- Alteration of the Articles of Association of the Company to insert enabling provision for payment of Commission to Non-Executive Directors.
 - Payment of Commission of 1% of the net profit of the Company subject to maximum of Rs. 5 Lacs per annum to the Non-Executive Directors.
- c) No special resolution was passed through postal ballot during the year ended on 31.03.2013.

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 : 16th August, 2013 at 12.30 P.M. at the Registered Office : 121, Industrial Area, Baddi, Tehsil Nalagarh, Dist- Solan 173205 (HP)

DEEPAK SPINNERS LIMITED

(ii) Financial Calendar (tentative dates of the publication of the following) —

Results for the quarter ending 30th June 2013	—	Middle of August 2013
Results for the quarter ending 30th September 2013	—	Middle of November 2013
Results for the quarter ending 31st December 2013	—	Middle of February 2014
Audited results for the year ending 31st March 2014	—	Last week of May 2014.
Book closure date : 14.08.2013 to 16.08.2013 (both days inclusive)		

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

(iv) Annual listing fees for 2013-14 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 2012	18.80	16.80	October 2012	19.45	16.40
May 2012	18.50	16.00	November 2012	23.35	18.00
June 2012	18.75	16.30	December 2012	22.45	19.00
July 2012	18.40	16.05	January 2013	26.25	20.20
August 2012	17.90	16.25	February 2013	29.00	22.25
September 2012	17.95	15.65	March 2013	29.70	22.15

There was NIL trading in equity shares of the Company at Calcutta Stock Exchange during the period from 1st April 2012 to 31st March 2013.

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

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

M/s MAHESHWARI DATAMATICS PRIVATE LIMITED

6, MANGO LANE, 2ND FLOOR, KOLKATA – 700 001
Telephone : (033) 2243 5029, 2243 3809, 2248 2248.

(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 31.03.2013**

Category	No. of Shares held	% of total paid up Capital
Resident Individuals	47,50,588	66.07
Financial Institutions Banks & Mutual Funds	3,28,880	4.58
Bodies Corporate	19,66,701	27.35
NRIs / OCBs	1,43,199	2.00
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	12,92,648	17.98	8,677	91.37
	501 - 1000	3,62,417	5.04	459	4.83
	1001 - 10000	8,87,199	12.34	310	3.27
	Above - 10000	46,47,104	64.64	51	0.53
TOTAL		71,89,368	100.00	9,497	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 2013, 89.44% 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.
Telephone : (0172) 2790974, (0172) 2790973

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 17th May 2013.

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, 2013 as stipulated in Clause 49 of The Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to 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 the management has conducted the affairs of the Company.

Place : New Delhi
Date : 17th May, 2013

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Deepak Spinners Limited,

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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

Report on the other legal and regulatory requirements

1. As required by the companies (Auditor's Report) order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statements on the matters specified in the paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the companies Act, 1956.

Place : New Delhi
Date : 17th May, 2013

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

Annexure referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (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 have 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. During the course of our audit, we have not noticed any continuing failure to correct major weakness 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. Accordingly, clause 4(vi) of the Order is not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix)
 - a. According to the records of the company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities. There is no undisputed outstanding statutory dues as at the year end for a period of more than six months from the date they became payable.
 - 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	9.03	High Court, Sheila
Central Excise Act, 1944	Demand for Service Tax Penalty & Interest	2004-05 to 2007-08	11.92	CESTAT
Central Excise Act, 1944	Demand For Excise Duty	2004-05 to 2007-08	22.78	CESTAT

DEEPAK SPINNERS LIMITED

Name of the Statute	Nature of dues	Relating to Year	Rs. in Lacs	Forum where dispute is pending
Himachal Pradesh Tax on Entry of Goods in to Local Area Act-2010	Entry Tax	2010-11 & 2012-13	141.28	High Court, Shimla
Income Tax Act, 1961	Interest demand	Asst. Year 1997-98	0.56	CIT (Appeals) Kolkata
Income Tax Act, 1961	Demand for excess credit allowed u/s 115JAA	Asst. Year 2002-03	19.74	CIT (Appeals) Kolkata
Income Tax Act, 1961	Disallowance of claim u/s 80HHC, 80G and Short allowance of TDS	Asst. Year 2003-04	1.15	CIT (Appeals) Kolkata
Income Tax Act, 1961	Short Allowance of Credit of TDS, Excess of charge of Interest u/s 234B & C	Asst. Year 2011-12	4.73	CIT (Appeals) Kolkata
Madhya Pradesh Upker Adhinyam 1981	Cess on Electricity Duty	2012-13	40.52	Jabalpur High Court

- (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) Accordingly the information and explanations given to us, 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. Accordingly, clause 4(xii) of the Order is not applicable.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, clause 4(xiii) of the Order is not applicable to the company.
- (xiv) The company does not deal or trade in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us, the company has not given any guarantee in favour of financial institution or bank for loans taken by others. Accordingly clause 4(xv) of the Order is not applicable.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans obtained during the year applied for the purpose for which loans were 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. Accordingly clause 4(xix) of the order is not applicable.
- (xx) The company has not raised any money through a public issue during the year. Accordingly clause 4(xx) of the order is not applicable.
- (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 on or 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 : 17th May, 2013

**BALANCE SHEET AS AT 31ST MARCH, 2013**

	Note No.	As at 31st March, 2013 (Rs. in lakhs)	As at 31st March, 2012 (Rs. in lakhs)
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	'1'	720.11	720.11
(b) Reserves and Surplus	'2'	6,355.25	5,056.02
		<u>7,075.36</u>	<u>5,776.13</u>
(2) Non-Current Liabilities			
(a) Long-term Borrowings	'3'	6,787.31	2,482.88
(b) Deferred Tax Liabilities (Net)	'4'	1,483.31	1,261.14
(c) Other Long-term Liabilities	'5'	12.71	12.54
(d) Long-term Provisions	'6'	147.03	155.39
		<u>8,430.36</u>	<u>3,911.95</u>
(3) Current Liabilities			
(a) Short-term Borrowings	'7'	4,303.19	3,745.57
(b) Trade Payables	'8'	1,514.34	1,524.47
(c) Other Current Liabilities	'9'	1,248.39	888.67
(d) Short-term Provisions	'6'	236.51	146.17
		<u>7,302.43</u>	<u>6,304.88</u>
Total		<u>22,808.15</u>	<u>15,992.96</u>
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	'10'	9,539.08	7,095.17
(ii) Capital Work-in-Progress		3,722.40	323.90
(b) Non-Current Investments	'11'	—	4.99
(c) Long-term Loans and Advances	'12'	1,665.71	1,303.56
(d) Trade Receivables	'13'	—	—
(e) Other Non-Current Assets	'14'	14.92	14.92
		<u>14,942.11</u>	<u>8,742.54</u>
(2) Current Assets			
(a) Inventories	'15'	3,800.62	3,937.34
(b) Trade Receivable	'13'	3,250.33	2,408.73
(c) Cash and Bank Balances	'16'	168.38	178.81
(d) Short-term Loans and Advances	'12'	425.82	531.78
(e) Other Current Assets	'14'	220.89	193.76
		<u>7,866.04</u>	<u>7,250.42</u>
Total		<u>22,808.15</u>	<u>15,992.96</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 : 17th May, 2013

PUNEETA ARORA
Company Secretary

P. K. DAGA
Chairman and Managing Director

VIKRAM PRAKASH
YASHWANT DAGA
P. K. DROLIA
Directors

DEEPAK SPINNERS LIMITED**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

	Note No.	For the Year ended 31st March, 2013 (Rs. in lakhs)	For the Year ended 31st March, 2012 (Rs. in lakhs)
I. REVENUES			
Revenue from Operations	'18'	30,891.47	28,068.79
Less : Excise Duty		146.15	96.76
Revenue from Operations (Net)		<u>30,745.32</u>	<u>27,972.03</u>
II. Other Income	'19'	<u>457.02</u>	<u>381.95</u>
III. Total Revenues (I + II)		<u>31,202.34</u>	<u>28,353.98</u>
IV. EXPENSES			
Cost of Materials Consumed	'20'	20,423.11	20,315.84
Changes in Inventories of Finished Goods, Work-in-Progress and Waste	'21'	418.95	(512.29)
Employees' Benefit Expenses	'22'	2,405.49	1,947.32
Other Expenses	'23'	<u>4,460.82</u>	<u>4,107.43</u>
V. Total		<u>27,708.37</u>	<u>25,858.30</u>
VI. Profit before Finance Cost, Tax and Depreciation (III - V)		3,493.97	2,495.68
Finance Cost	'24'	743.45	869.61
Depreciation Expenses	'25'	745.91	686.86
VII. Profit before tax		<u>2,004.61</u>	<u>939.21</u>
VIII. Tax Expense			
Current Tax	'26'	483.21	213.82
Deferred Tax		<u>222.17</u>	<u>(35.17)</u>
IX. Profit after Tax for the year (VII - VIII)		<u>1,299.23</u>	<u>760.56</u>
Basic & Diluted Earnings Per Equity Share (of Rs. 10 each) (Rs.)	'27.7'	18.04	10.57
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 : 17th May, 2013

PUNEETA ARORA
Company Secretary

P. K. DAGA
Chairman and Managing Director

VIKRAM PRAKASH
YASHWANT DAGA
P. K. DROLIA
Directors



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

	(Rs. in lakhs)	
	Year ended 31st March, 2013	Year ended 31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit /(Loss) before Tax	2,004.61	939.21
Adjustment for-		
Depreciation Expenses	745.91	686.86
Excess Depreciation written back	—	(32.02)
Finance Cost	743.45	869.61
Profit on sale/discard of Fixed Assets (Net)	(22.52)	(20.87)
Profit on sale of Long Term Investment (Other than Trade)	(9.99)	
Interest Income	(138.67)	(114.51)
Dividend on Long Term Investments from subsidiary	(0.60)	(0.50)
Operating Profit before Working Capital Changes	3,322.19	2,327.78
Adjustment for -		
Trade Receivable, Loans & Advances and Other Assets	(807.62)	341.59
Inventories	136.72	(42.73)
Trade Payables, Provisions & Other Liabilities	141.05	96.97
	2,792.34	2,723.61
Direct Taxes (Paid)/Refunds	(373.63)	(309.89)
Net Cash from Operating Activities	2,418.71	2,413.72
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(6,958.54)	(757.88)
Sale of Fixed Assets	145.26	42.28
Movement in Fixed Deposits	1.10	30.50
Sale of Long Term Investment (Other than Trade)	14.98	—
Dividend Received	0.60	0.50
Interest Received	137.63	110.25
Net Cash from Investing Activities	(6,658.97)	(574.35)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase in Long Term Borrowings	4,633.65	(1,090.29)
Increase in Short Term Borrowings	557.62	277.45
Interest Expense (including capitalised Rs. 178.36 lakhs, previous year Rs. 49.57 lakhs)	(958.92)	(882.07)
Net Cash from Financing Activities	4,232.35	(1,694.91)
Net Increase/Decrease in Cash and Cash Equivalents	(7.91)	144.46
Cash and Cash Equivalents as at (Opening Balance)	165.70	21.24
Cash and Cash Equivalents as at (Closing Balance)	157.79	165.70
Components of Cash and Cash Equivalents		
Cash in hand	3.30	9.48
Balance with Banks		
In Current Accounts	103.54	111.22
Fixed Deposit Account (maturing within 3 months)	50.95	45.00
Unclaimed Dividend Accounts	9.36	10.78
Employees Security Deposits Accounts	1.23	2.33
	168.38	178.81
Less: Employee Security Deposit & Unclaimed Dividend lying with Bank	10.59	13.11
	157.79	165.70

The aforesaid Statement is prepared on Indirect method
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 : 17th May, 2013

PUNEETA ARORA
Company Secretary

P. K. DAGA
Chairman and Managing Director

VIKRAM PRAKASH
YASHWANT DAGA
P. K. DROLIA
Directors

DEEPAK SPINNERS LIMITED

NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2013

	As at 31st March, 2013 (Rs. in lakhs)	As at 31st March, 2012 (Rs. in lakhs)
1 Share Capital :		
Authorized :		
80,00,000 (Previous year 80,00,000) Equity Shares of Rs.10/- each	800.00	800.00
60,00,000 (Previous year 60,00,000) Equity Shares of Rs. 10/- each	600.00	600.00
	1,400.00	1,400.00
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 other than interim dividend, is subject to the approval of the shareholders 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, 2013		As at 31st March, 2012	
		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	502,389	6.99	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, 2013 (Rs. in lakhs)	As at 31st March, 2012 (Rs. in lakhs)
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) Statement of Profit & Loss - Balance		
Balance as per last financial statement	1,992.67	1,232.11
Add : Profit for the year	<u>1,299.23</u>	<u>760.56</u>
	<u>3,291.90</u>	<u>1,992.67</u>
Total (i to iv)	<u>6,355.25</u>	<u>5,056.02</u>

	Non-current portion		Current maturities	
	As at 31st March, 2013 (Rs. in lakhs)	As at 31st March, 2012 (Rs. in lakhs)	As at 31st March, 2013 (Rs. in lakhs)	As at 31st March, 2012 (Rs. in lakhs)
(i) Secured				
(a) Term Loans from a Bank	6,103.79	2,477.30	725.50	400.00
(b) Term Loans from a Bank	670.00	-	-	-
(c) Vehicle Loans				
a) From a Bank	4.31	-	1.75	-
b) From Others	9.21	5.58	3.49	1.52
	<u>6,787.31</u>	<u>2,482.88</u>	<u>730.74</u>	<u>401.52</u>
(ii) Amount disclosed under the head "other current liabilities" (Refer Note No. 9)	-	-	(730.74)	(401.52)
(Total i-ii)	<u>6,787.31</u>	<u>2,482.88</u>	<u>-</u>	<u>-</u>

- a. Term Loan from a bank is secured by first charge on the Plant & Machineries, other movable fixed assets and extension of equitable mortgage on all immovable fixed assets and second charge on current assets of the textile business. These Loans are further secured by personal guarantees of the Chairman and Managing Director and a Director.
- b. Term Loan from a bank is secured by Plant & Machinery and other fixed assets and extension of equitable mortgage of the immovable fixed assets of the Solar Power Plant and second charge on current assets of the company. This Loan is further secured by personal guarantees of the chairman and Managing Director and a Director.
- c. Secured by hypothecation of vehicle financed.

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

		Previous Year							
		Current Year			Previous Year				
		As at 31st March, 2013 (Rs. In lakhs)	Rate of Interest	Installments Outstanding	Repayment Periodicity	As at 31st March, 2012 (Rs. In lakhs)	Rate of Interest	Installments Outstanding	Repayment Periodicity
a.		16.00	15.75% to 13.40% linked with Base Rate	1	Quarterly Equal Annually Graded	80.00	14.00% to 15.75% linked with SBAR	5	Quarterly Equal Annually Graded
		787.00	15.75% to 13.40% linked with Base Rate	12	Quarterly Equal Annually Graded	997.00	14.00% to 15.75% linked with SBAR	16	Quarterly Equal Annually Graded
		265.70	15.75% to 13.40% linked with Base Rate	9	Quarterly Equal Annually Graded	389.69	14.00% to 15.75% linked with SBAR	13	Quarterly Equal Annually Graded
		146.00	15.75% to 13.40% linked with Base Rate	5	Quarterly Equal Annually Graded	246.00	14.00% to 15.75% linked with SBAR	9	Quarterly Equal Annually Graded
		1988.56	14.25% to 13.40% linked with Base Rate	22	Quarterly Graded Installment with effect from Dec-2013	764.61	14.25 % linked with SBAR	8	Quarterly Equal, with effect from Dec-2013
		2900.53	14.25% to 13.40% linked with Base Rate	18	Quarterly Graded Installment with effect from June-2013				
		6103.79				2,477.30			
b.		670.00	14.25% to 13.40% linked with Base Rate	23	Quarterly Equal, Installment with effect from Sep-2014	—			
		670.00				—			
c.		As at 31st March, 2013 (Rs. In lakhs)	Rate of Interest	Installments Outstanding	Repayment Periodicity	As at 31st March, 2012 (Rs. In lakhs)	Rate of Interest	Installments Outstanding	Repayment Periodicity
		4.31	11.51%	25	Monthly Graded	5.58	9.30%	36	Monthly Graded
		3.92	9.30%	24	Monthly Graded				
		5.29	8.43%	30	Monthly Graded				
		13.52				5.58			

	As at 31st March, 2013 (Rs. in lakhs)	As at 31st March, 2012 (Rs. in lakhs)
4 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities on account of :		
Depreciation	1,633.57	1,338.29
	<u>1,633.57</u>	<u>1,338.29</u>
Deferred Tax Assets on account of :		
Provisions For Employees Benefits	82.34	60.89
Other Timing Differences	67.92	16.26
	<u>150.26</u>	<u>77.15</u>
Deferred Tax Liabilities/ (Assets) Net	<u>1,483.31</u>	<u>1,261.14</u>
5 Other Long-term Liabilities		
Trade Deposits	11.90	11.90
Employee Security Deposits	0.81	0.64
	<u>12.71</u>	<u>12.54</u>
6 Provisions		
	Long-term	Short-term
	As at	As at
	31st March, 2013	31st March, 2012
	(Rs. in lakhs)	(Rs. in lakhs)
Provision for Employee Benefits	147.03	155.39
Provision for Disputed Statutory Matters	—	—
	<u>147.03</u>	<u>155.39</u>
	As at	As at
	31st March, 2013	31st March, 2012
	(Rs. in lakhs)	(Rs. in lakhs)
	95.23	32.28
	141.28	113.89
	<u>236.51</u>	<u>146.17</u>
Disclosure as per AS-29 for Provision for Disputed Statutory Matters	Current Year	Previous Year
Opening Balance	113.89	33.27
Prov. During the year	79.68	95.65
Paid During the year	52.29	15.03
Closing Balance	141.28	113.89
	As at	As at
	31st March, 2013	31st March, 2012
7 Short-term Borrowings		
A Secured		
Loan repayable on demand		
From a Bank	4,303.19	3,745.57
	<u>4,303.19</u>	<u>3,745.57</u>
(i) Secured by first charge on current assets and additionally secured by way of second charge on fixed assets and extension of equitable mortgage on immovable fixed assets of the textile business. The same is further secured by personal guarantee of the Chairman and Managing Director and a Director.		
8 Trade Payables *		
Others	1,514.34	1,524.47
	<u>1,514.34</u>	<u>1,524.47</u>

*The company has not received any information from its suppliers being 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, hence not disclosed.

DEEPAK SPINNERS LIMITED

	As at 31st March, 2013 (Rs. in lakhs)	As at 31st March, 2012 (Rs. in lakhs)
9 Other Current Liabilities		
Current maturities of long-term debts	730.74	401.52
Interest accrued but not due on borrowings	—	37.11
Unpaid Dividends	9.36	10.78
Customers' Credit Balances and Advances against orders	175.90	173.67
Creditors for Capital Goods	—	5.43
Security Deposits	5.20	4.65
Statutory Dues	57.12	55.50
Directors Commission	4.50	—
Employees liabilities	265.57	200.01
	1,248.39	888.67

10 Fixed Assets

(Rs. in lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.12	Additions	Deductions/ Adjustments	Total as at 31.03.13	Upto 31.03.12	During the year	Deductions/ Adjustments	Total as on 31.03.13	As at 31.03.13	As at 31.03.12
TANGIBLE ASSETS										
FreeHold Land*	31.00	2.40	-	33.40	-	-	-	- #	33.40	31.00
Lease hold Land	34.45	-	-	34.45	8.99	0.36	-	9.35	25.10	25.46
Buildings	2,593.41	99.05	-	2,692.46	1,113.42	77.47	-	1,190.89	1,501.57	1,479.99
Plant & Equipment	13,215.17	3,169.10	525.00	15,859.27	7,749.31	648.34	406.22	7,991.43	7,867.84	5,465.86
Office Equipments	115.19	14.02	-	129.21	92.71	5.03	-	97.74	31.47	22.48
Furniture & Fixtures	94.93	3.55	2.50	95.98	81.47	4.03	1.56	83.94	12.03	13.46
Vehicles	114.62	24.44	11.43	127.63	57.70	10.68	8.41	59.97	67.66	56.92
Total	16,198.77	3,312.56	538.93	18,972.40	9,103.60	745.91	416.19	9,433.32	9,539.08	7,095.17
Previous Year	16,052.83	413.38	267.44	16,198.77	8,695.90	686.86	279.16	9,103.60	7,095.17	

* 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

	As at 31st March, 2013 (Rs. in lakhs)	As at 31st March, 2012 (Rs. in lakhs)
11 Non-Current Investment		
Long Term Investment (Non-Trade)		
In Subsidiary Company (unquoted) (at cost)		
(-) Equity Shares (previous year 49,940) @ Rs. 10/- each		
Fully paid up M/s. DSL Hydrowatt Ltd.	—	4.99
Aggregate amount of Unquoted Investments	—	4.99

	Non-Current		Current	
	As at	As at	As at	As at
	31st March, 2013 (Rs. in lakhs)	31st March, 2012 (Rs. in lakhs)	31st March, 2013 (Rs. in lakhs)	31st March, 2012 (Rs. in lakhs)
12 Loans and Advances :				
(Unsecured, Considered Good)				
Capital Advances	892.32	466.48	—	—
Security Deposits	164.76	91.42	—	7.49
Advance Current Tax (Net of Provision)	—	—	28.57	138.15
Balances with Excise & Custom Department	602.33	731.71	140.00	125.00
Advance Recoverable in Cash or in Kind	6.30	12.70	247.55	246.84
Prepaid Expenses	—	1.25	9.70	14.30
	<u>1,665.71</u>	<u>1,303.56</u>	<u>425.82</u>	<u>531.78</u>
13 Trade Receivables :				
(Unsecured, Considered Good unless otherwise stated)				
(a) Outstanding for more than six months (from due date)				
Considered Good	—	—	62.20	—
Considered Doubtful	—	—	12.16	15.31
	—	—	<u>74.36</u>	<u>15.31</u>
Less : Provision for Doubtful	—	—	12.16	15.31
	—	—	<u>62.20</u>	—
(b) Other Receivables	—	—	3,188.13	2,408.73
	—	—	<u>3,250.33</u>	<u>2,408.73</u>
14 Other Assets :				
(Unsecured, Considered Good)				
Export Benefits/ Claims Receivables	14.92	14.92	211.65	185.56
Interest Accrued on Fixed Deposits	—	—	0.97	1.03
Interest Accrued on others	—	—	8.27	7.17
	<u>14.92</u>	<u>14.92</u>	<u>220.89</u>	<u>193.76</u>

DEEPAK SPINNERS LIMITED

	As at 31st March, 2013 (Rs. in lakhs)	As at 31st March, 2012 (Rs. in lakhs)
15 Inventories :		
(As certified by the Management)		
Raw Materials (Including in Transit Rs. 127.46 lakhs) (Previous Year Rs. 80.40 lakhs)	1,307.25	1,180.27
Work-in-Progress	253.57	304.61
Finished Goods	1,830.23	2,199.78
Stores and Spares (Including in Transit Rs. 104.73 lakhs) (Previous year Rs. 47.39 lakhs)	400.42	245.17
Waste	9.15	7.51
	<u>3,800.62</u>	<u>3,937.34</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	3.30	9.48
Balance with Banks		
Current Accounts	103.54	111.22
Fixed Deposit Account (maturity within three months) (Pledged as Margin with Bank)	50.95	45.00
(b) Earmarked Balances with Banks		
Unpaid Dividend Account	9.36	10.78
Employees Security Deposit Accounts	1.23	2.33
	<u>168.38</u>	<u>178.81</u>
17 Contingent Liabilities and Commitments		
A. Contingent Liabilities not provided for in respect of		
i) Bank Guarantee	1.00	1.00
ii) Demand for Excise duty, being contested by the Company * (Amount deposited Rs. 9.00 lakhs, Previous year Rs.10.00 lakhs)	43.73	55.41
iii) Demand for Income Tax, being contested by the Company * (Amount deposited Rs. 98.49 lakhs, Previous year Rs.98.39 lakhs)	114.81	113.31
iv) Legal Cases (Employees) *	6.77	11.32
*The management believes that the Company has a strong chance of success in these cases, hence no provision considered necessary.		
v) Demand for cess on own generation of electricity	40.52	—
B. Capital Commitments (Net of Advance paid)	326.49	863.92

NOTES ANNEXED TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	For the year ended 31st March, 2013 (Rs. in lakhs)	For the year ended 31st March, 2012 (Rs. in lakhs)
18 Revenue from Operations :		
Sale of Manufactured goods :		
Man Made Synthetic Yarn*	30,614.27	27,740.14
Sale of Electricity	79.80	—
Other Operating Income		
Export incentives & benefits	197.40	328.65
	<u>30,891.47</u>	<u>28,068.79</u>
Less : Excise Duty	146.15	96.76
Revenue from Operations (Net)	<u>30,745.32</u>	<u>27,972.03</u>
*Sales includes Export Sales of Rs. 3203.91 lakhs (Previous year Rs 4457.58 lakhs)		
19 Other Income :		
Dividend on Long Term Investments from subsidiary	0.60	0.50
Interest	138.67	114.51
Profit on sale/discard of Fixed Assets (Net)	22.52	20.87
Profit on sale of Long Term Investment (other than Trade)	9.99	—
Miscellaneous Income	270.68	54.80
Net Gain on Foreign Currency translation (Net)	9.18	45.85
Sundry credit balances written back (Net)	3.37	44.12
Excess Depreciation written back	—	32.02
Insurance Claims	2.01	59.78
Bad Debts Recovered	—	9.50
	<u>457.02</u>	<u>381.95</u>
20 Cost of Materials Consumed :		
Man Made Fibres	19,906.55	19,802.18
Dyes & Chemicals	516.56	513.66
	<u>20,423.11</u>	<u>20,315.84</u>
21 Changes in Inventories of Finished Goods, Work-in-Progress and Waste Inventories as at 31st March, 2013		
Work-in-Progress	253.57	304.61
Finished Goods	1,830.23	2,199.78
Waste	9.15	7.51
	<u>2,092.95</u>	<u>2,511.90</u>
Inventories as at 31st March, 2012		
Work-in-Progress	304.61	276.53
Finished Goods	2,199.78	1,715.49
Waste	7.51	7.59
	<u>2,511.90</u>	<u>1,999.61</u>
	<u>418.95</u>	<u>(512.29)</u>
22 Employees' Benefit Expenses		
Salaries, Wages and Bonus	2,164.45	1,730.77
Contribution to Provident and other Funds	115.62	103.16
Employee Welfare Expenses	125.42	113.39
	<u>2,405.49</u>	<u>1,947.32</u>

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	For the year ended 31st March, 2013 (Rs. in lakhs)	For the year ended 31st March, 2012 (Rs. in lakhs)
23 Other Expenses		
Consumption of Stores & Spares	790.73	808.01
Consumption of Packing Material	472.53	406.59
Job Charges	100.06	97.79
Power & Fuel Expenses	2,043.33	1,858.63
Rent	24.98	25.46
Insurance	26.60	23.00
Rates & Taxes	6.49	6.82
Repair and Maintenance		
Buildings	15.94	22.30
Machinery	85.55	73.74
Freight & Forwarding Expenses (Net)	434.59	402.15
Commission and Brokrage	110.25	86.78
Miscellaneous Expenses	284.85	209.96
Auditors Remuneration (including service tax)		
As Auditors	5.62	5.11
For Limited Review	1.35	0.66
For Certification and other matters	0.45	1.49
Reimbursement of Expenses	0.42	0.51
Cost Auditors		
As Auditors	0.73	0.20
Commission to Directors	5.00	—
Bad debts & Advances written off	54.16	
Less:- Provision For Doubtful Debts	<u>3.15</u>	80.99
Donation	4.52	—
	<u>4,465.00</u>	<u>4,110.19</u>
Less: Amount transfered to Capital Work-in-Progress/Capitalised	4.18	2.76
	<u>4,460.82</u>	<u>4,107.43</u>
24. Finance Cost		
Interest Expenses \$	863.01	860.60
Other Borrowing cost	58.80	43.58
Loss on foreign currency translations & transactions (to the extent considered as borrowing cost)	<u>—</u>	<u>15.00</u>
	921.81	919.18
Less : Amount transfered to Capital Work-in-Progress/Capitalised	178.36	49.57
	<u>743.45</u>	<u>869.61</u>
<p>\$ Net of Interest subsidies Rs.85.39 lakhs (Previous Year Rs. 116.23 lakhs) under TUF (Technology Upgradation Fund) scheme</p>		
25. Depreciation Expenses		
on Tangible Assets (Refer Note No. 10)	<u>745.91</u>	<u>686.86</u>
26. Current Tax		
Current Tax for the year	477.50	334.66
Less : MAT credit entitlement	<u>—</u>	<u>(127.49)</u>
	477.50	207.17
Income tax related to earlier year	<u>5.71</u>	<u>6.65</u>
Total Current Tax	<u>483.21</u>	<u>213.82</u>

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) having capacity of 63552 Spindles. The company has started generating electricity from it's Solar Power Plant at Rajgarh (M.P) with effect from 08th November, 2012.

27.2 Summary of significant accounting policies

(A) Basis of Accounting

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued under the Accounting Standard Rules,2006 notified by the Central Government and the relevant provisions of the Companies Act,1956. The financial statements have been prepared under the historical cost convention on accrual basis except in case of claims lodged with Insurance Companies but not settled and interest on overdue debts from customers due to uncertainty in the realisation, are accounted for on receipt/ settlement.

(B) 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.

(C) Classification of Assets and Liabilities as Current and Non Current

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current/ non-current classification of assets and liabilities.

(D) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase any attributable cost of bringing the asset to its working condition for its intended use. The carrying price and amounts are reviewed at each balance sheet date, if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(E) Expenditure on New Projects , Substantial Expansion And During Construction Period

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure incurred during the construction period, which is not related to the construction activity nor is incidental thereto is charged to the Statement of Profit & Loss. Income earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion is capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its originally assessed standard of performance.

Expenditure during construction/installation period is included under capital work-in-progress and the same is allocated to respective fixed assets on the completion of its construction.

F) Investments

Long term investments are stated at cost . The Company provides for diminution other than temporary,

in the value of long term investments. Current investments are valued at lower of cost or fair value.

(G) Inventories

- i) Inventories are valued as follows :

Raw materials, stores and spares	Lower of cost and net realisable value. Cost is determined on FIFO basis. Materials and other items held for use in the production of inventories are not written down below costs, if finished goods in which they will be incorporated are expected to be sold at or above cost.
Work-in-progress and finished goods	Lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads.
Waste	At net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

- ii) Work-in-progress and finished goods have been valued as per the principles and basis consistently followed.
- iii) Provision for obsolete/ old inventories is made, wherever required.
- iv) 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.

(H) Provisions

A provision is recognised when an enterprise 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 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.

(I) Revenue Recognition

- (i) 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.
- (ii) Net Sales are exclusive of excise duty and net of sales return, discounts, claims and rebates.
- (iii) 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.
- (iv) Interest include other than interest on overdue debts from customers, is recognised on time proportion basis.

(J) Government Grants and Subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income or deducted from the relevant expense. Grant and Subsidy related to specific fixed asset is deducted from the gross value of the asset.

(K) Retirement and other employee benefits

- (i) Retirement benefits in the form of provident fund, which are defined contribution plans, are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due.

- (ii) Gratuity and leave encashment which are defined benefits, are accrued based on actuarial valuation at the balance sheet date carried out by an independent actuary using the projected unit credit method.

(L) 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 transactions are restated at year end exchange rates. All exchange differences arising from such conversion including gain or loss on cancellation of foreign currency forward covers are included in the Statement of Profit and Loss. Premium/Discount on forward contracts covered by AS-11 is recognised over the length of the contract.

(M) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying fixed assets, are capitalised as part of the cost of such assets upto the date of commencement of commercial production/put to use of plant. Other borrowing costs are charged to revenue.

(N) Depreciation

Depreciation on fixed assets has been charged at straight line method as per the rates and manner prescribed in the Schedule XIV of the Companies Act,1956. Depreciation on additions due to machinery spares is provided retrospectively from the date the related assets are put to use. Depreciation on additions to or on disposal of assets is calculated on pro-rata basis. Leasehold land is being amortised over the period of lease tenure.

(O) Carbon Credit

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

(P) 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 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.

Minimum alternate tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and written down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

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

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

	As at 31st March,2013 (Rs. in lakhs)	As at 31st March,2012 (Rs. in lakhs)
i) Receivable	298.94	305.88
ii) Payable	-	-

27.5 Borrowing cost capitalised during the year Rs. 178.36 lakhs (Previous year Rs. 49.57 lakhs).

27.6 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	115.62	103.16
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, 2012	186.70	153.85
Current Service Cost	38.71	28.88
Past Service Cost	—	—
Interest Cost	14.93	13.08
Actuarial (Gain)/Loss	31.19	6.92
Benefits Paid	(26.56)	(16.03)
Closing DBO as on 31st March, 2013	244.97	186.70
A reconciliation of opening and closing balances of the Fair value plan assets :		
Opening Fair value of plan assets	65.08	51.74
Expected return	5.95	4.73
Actuarial (Gain)/Loss	(0.36)	(0.24)
Contribution by the employer	47.83	24.87
Benefits Paid	(26.56)	(16.03)
Closing fair value of plan assets	91.94	65.07
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	244.97	186.70
Less : Fair value of the plan assets at the end of the year	91.94	65.07
Liability recognised in Balance Sheet	153.03	121.63
The total expenses recognised in the Profit and Loss account :		
Current Service Cost	38.71	28.88
Past Service Cost	—	—
Interest Cost	14.93	13.08
Expected return on Plan assets	(5.95)	(4.73)
Actuarial Gain/(Loss)	31.55	7.16
Net Gratuity cost	79.24	44.39
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 :

	Current Year	Previous Year
Discount rate	8.00%	8.50%
Expected rates of return on any plan assets	9.15%	9.15%
Average Salary escalation rate	6.00%	6.00%
The estimates of the future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.		

27.7 Earning Per Share

Profit after tax (Rs. in lakhs)	1,299.23	760.56
Weighted average number of Equity Shares	7189368	7189368
Basic & Diluted earning per share of Rs. 10/- each	18.04	10.57

27.8 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. 3401.31 lakhs (Previous year Rs. 4786.23 lakhs) and domestic sales Rs. 27490.16 lakhs (Previous year Rs.23282.56 lakhs) All assets of the Company are Located in India except export debtors Rs. 298.94 lakhs (Previous year Rs.305.88 lakhs).

27.9 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)
- iii) Sh. Yashwant Daga, Director (Son of Shri P. K. Daga)

b) Related Party Transaction

Transaction	Key management personnel		Relatives of Key Management personnel	
	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)	Current Year (Rs. in lakhs)	Previous Year (Rs. in lakhs)
Remuneration (Rs. in Lakhs)	—	—	11.34	9.48
Director Sitting Fee	—	—	1.35	1.18
Reimbursement of Expenses	—	—	0.91	0.30

Apart from above Shri. P.K. Daga, Chairman and Managing Director and Shri Yashwant Daga (Son of Shri P.K. Daga) has given personal gurantee to the bankers of the company for securing various borrowings.

27.10 Value of Import on CIF basis

	For the year 31st March,2013 (Rs. in lakhs)	For the year 31st March,2012 (Rs. in lakhs)
Stores & Spares	31.10	34.46
Capital Goods	964.55	106.46

DEEPAK SPINNERS LIMITED

27.11 Value of Imported and Indigenous Raw Material Consumed and Percentage thereof

	For the year 31st March, 2013 (Rs. in lakhs)		For the year 31st March, 2012 (Rs. in lakhs)	
	Value	%	Value	%
Indigenous	20423.11	100.00	20315.84	100.00
Imported	—	—	—	—
	<u>20423.11</u>	<u>100.00</u>	<u>20315.84</u>	<u>100.00</u>

27.12 Value of Imported Consumables and Indigenous Stores & Spare parts Consumed (Excluding charged to other heads)

Indigenous	760.94	96.23	779.94	96.53
Imported	29.79	3.77	28.07	3.47
	<u>790.73</u>	<u>100.00</u>	<u>808.01</u>	<u>100.00</u>

27.13 Expenditure in Foreign Exchange

	For the year 31st March, 2013 (Rs. in lakhs)	For the year 31st March, 2012 (Rs. in lakhs)
Travelling	—	1.84
Commission	—	18.58
Legal & Professional charges.	—	1.00

27.14 Non Resident Shareholders etc. :

a) Numbers of Non Resident shareholders	413	418
b) Number of Shares held by them	143199	153336
c) Amount of Dividend declared	—	—
d) Amount remitted in foreign currency	—	—

27.15 FOB Value of exports 3127.06 4409.64

27.16 Previous Year's figures have been reclassified/regrouped to conforms current year figure.

Signature to notes 1 to 27.16

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 : 17th May, 2013

PUNEETA ARORA
Company Secretary

P. K. DAGA
Chairman and Managing Director

VIKRAM PRAKASH
YASHWANT DAGA
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 16th August, 2013 at 12.30 P.M. and at any adjournment thereof.

AS WITNESS my/our hand this day of 2013
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 16th August, 2013 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

DEEPAK SPINNERS LIMITED

Regd. Office: 121, Industrial Area, Baddi

Tehsil Nalagarh, Distt. Solan (HP)

FORM A

COVERING LETTER OF THE ANNUAL AUDIT REPORT

1.	Name of the Company	M/s. Deepak Spinners Limited
2.	Annual Financial Statements for the year ended	31 st March 2013
3.	Type of Audit Observation	No Audit Qualification
4.	Frequency of Observation	Not Applicable.
5.	To be signed by-	
	(P. K. DAGA) Chairman and Managing Director	
	(S. B. SHARDA) Chief Financial Officer	
	B.K.SIPANI Partner M.No.-088926 Singhi & Co. Chartered Accountants Firm Reg. 302049E Auditor of the Company	
	(VIKRAM PRAKASH) Audit Committee Chairman	