



32nd
ANNUAL REPORT
&
ACCOUNTS
2013 - 2014

DEEPAK SPINNERS LIMITED



DEEPAK SPINNERS LIMITED

Board of Directors

Shri Pradip Kumar Daga, Chairman & Managing Director

Shri Vikram Prakash

Shri Yashwant Daga

Shri Pradeep Kumar Drolia

Administrative Office

SCO 16, II Floor, Sector 26

Madhya Marg, Chandigarh – 160019

Shri S. B. Sharda, President & Chief Financial Officer

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

Tehsil Nalagarh, Dist. Solan

Himachal Pradesh - 173205

Shri Sudesh Tiwari, Sr. Vice President (Technical)

Shri S. K.Thakur, Sr. Vice President (Engineering)

Shri S. S. Chundawat, 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.)

Shri V. K. Shrivastav, Vice President (Engineering)

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 – 173205

Corporate Office

16, Hare Street,

Kolkata - 700001

Notice for Annual General Meeting is being sent separately through Registered post as required under the Companies Act, 2013 & Rules made thereunder.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their Report together with the Audited Accounts for the year ended 31st March 2014.

FINANCIAL RESULTS	(₹ in Lacs)
Profit before Depreciation & Tax	3315.51
Less : Depreciation	1060.43
Provision for Tax	
- current year	475.75
- Deferred Tax	628.33
Net Profit	<u>1151.00</u>

DIVIDEND

Keeping in view the need of textile industry to continuously upgrade, and modernise, it is considered prudent to conserve funds to achieve cost effectiveness, to provide margin money for expansion and to service the increased debt. Your directors, therefore, regret their inability to recommend any dividend this year.

GENERAL REVIEW

The ongoing expansion cum modernisation programme taken up at both the units was fully completed during the year.

Your directors have planned further upgradation/balancing programme at both the units and expansion at Guna unit. This proposed expansion provides for installation of about 14000 spindles and a complete dye house of 25 MTs per day capacity together with the buildings and related machinery. The total cost of the project is estimated at ₹ 88.53 crores, which will be funded by a Term Loan of ₹ 63 crores and cash accruals of ₹ 25.53 crores. Major portion of the Term Loan has been tied up and efforts are on to obtain sanction of the balance amount.

Availability of labour at Baddi continues to be a matter of concern. Your management is seized of the problem and taking necessary steps. The performance of the year under review can be considered satisfactory but current year prospects have to be viewed with caution.

DIRECTORS' REPOSIBILITY 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

Shri Vikram Prakash and Shri Pradeep Kumar Drolia are independent directors on the Board of your Company since 2006 and 2005 respectively. As per Section 149(10) of the Companies Act, 2013 and as per amended Clause 49 of the Listing Agreement, they are proposed to be appointed as Independent Directors of the Company for five consecutive years at the ensuing Annual General Meeting.

The Board of Directors consider that their continued association shall be highly beneficial to the Company. In the opinion of the Board, they fulfill the conditions specified in the Companies Act, 2013, rules made thereunder and the requirements of the scheme of Corporate Governance under listing agreement, for their appointment as Independent Directors of the 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

The retiring Auditors, M/s Singhi & Co. Chartered Accountants, (Registration No. 302049E) New Delhi, are eligible for re-appointment and have expressed their willingness to accept re-appointment. As per the Companies Act, 2013, M/s. Singhi & Co. having been auditors of the Company for over 10 years, are eligible to be appointed for three more years inclusive of 2014-15. Hence, M/s. Singhi & Co., are proposed to be re-appointed for three years from 2014-15 subject to ratification by Members at every AGM.

The Auditors' Report to the shareholders does not contain any reservation, qualification or adverse remark.

COST AUDIT

Pursuant to the directives of the Central Government, qualified Cost Auditors have been appointed under Section 148 of the Companies Act, 2013, 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.

In conformity with Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31.3.2014 is annexed hereto.

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 place on record their deep appreciation of the co-operation extended by our Bankers, financial institutions, stakeholders, business associates, Central and State Governments and district level authorities for their co-operation and support and look forward to their continued support in future. They also record their appreciation of the dedicated services rendered by the executives, staff members and workers of the Company.

Place : New Delhi
Date : 15th May, 2014

P. K. DAGA
*Chairman and
Managing Director*

VIKRAM PRAKASH
Director

YASHWANT DAGA
P. K. DROLIA
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 –

- Arrested air leakages to reduce compressed air consumption
- Replaced conventional tubelights with LED tubelights
- Replacing conventional transformers with new ones with lower load losses & OLTC

In order to reduce our carbon footprint, your company has undertaken a sustainable green energy initiative by installing a 1 MW solar power plant.

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
- Re-balancing of transformer load
- Optimization of R F dryer in order to reduce energy consumption
- Optimization of loading on electrical motors in order to improve UKG

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 undertaken during FY 2013 – 14 have resulted in annual savings of ₹ 15 lacs.

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)	34.288	23.92
Total amount (₹ in Millions)	210.837	128.74
Rate / Unit	6.15	5.38
(b) Own Generation		
i) Through D.G. Sets (Million Units)	0.424	0.19
Units amount (₹ in millions)	7.397	2.18
Cost / Unit	17.45	11.47
ii) Through steam turbine (Million units)	16.533	16.94
Units per kg. of Bio – Fuel	0.516	0.51
cost / unit	4.44	4.17

	Current year	Previous year
2. Coal (C Grade) used in Boiler		
(Quantity – Million Kgs)	1.974	1.42
Total cost (₹ in Millions)	19.419	13.84
Average rate per Kg.	9.84	9.74
(B) Consumption per unit of production		
Production of yarns (Million Kgs)	25.314	19.20
Electricity (KWH/Kg.)	1.950	2.14
Others		
Diesel (Ltr/Kg. Yarn)	0.006	0.005
Bio – Fuel (Kg/Kg. Yarn)	2.510	3.470

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 it's 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 it's 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.

3. Particulars of Imported Technology :

No technology was imported.

4. Foreign Exchange Earnings & out go (₹ in Lacs)

Total Foreign exchange used	:	157.10
Total Foreign exchange earned	:	3166.59

Place : New Delhi
Date : 15th May, 2014

P. K. DAGA
Chairman and
Managing Director

VIKRAM PRAKASH
Director

YASHWANT DAGA
P. K. DROLIA
Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE & DEVELOPMENT

India is among the few textiles manufacturing countries, and is fully integrated from fibre to finished products, with an emphasis on spinning. Spinning is very capital intensive and needs to be highly competitive to meet the requirements of the domestic and export markets.

The year 2013-14 was a positive one, with all the segments of textile value chain registering reasonable growth both in domestic and export markets. Over 11% average production growth was observed in the textile industry.

Indian Textile Industry is one of the leading textile industries in the world. India offers higher skill, lower costs, modern technology global acceptance and highly creative pool of design talent. A supportive policy regime and the absolute commitment of private enterprise add strength to Indian prospects.

Technology Upgradation Fund Schemes (TUFS) for providing maximum subsidy in interest rates on loans to textile industry has been the flagship programme of government for textile industry. It shall continue in 12th plan.

OPPORTUNITY AND THREATS

Chinese textile mills hit by quota restrictions, are increasingly shifting their preference towards imports of yarn rather than raw materials. This has given a boost to export demand for Indian yarn. There is also some improvement in demand for textile products in domestic market which is expected to grow. Increased local sourcing by global brands and retailers in India offer avenues to textile industry to grow.

However, the Indian textile industry may get affected adversely due to increasing garment imports from Bangladesh and China. Global economic slow down, currency fluctuations and rising inflation may hit domestic consumption adversely and thereby pose a threat to textile industry in India.

SEGMENTAL REVIEW AND ANALYSIS

At present, the Company has only one reportable segment, and that is synthetic yarn. The financial performance of our Company is steadily improving. In the past year, we have focused on expansion and modernisation of our production processes. This has helped us improve quality and increase our production and has enabled us to meet our commitments to our customers more efficiently.

We are tackling the problem of lack of skilled labour by gradually upgrading automation technologies in our production process.

Having in-house power generation has helped us to some extent to contain our power costs.

RISKS AND CONCERNS

Rising crude oil prices, high labour and energy costs are matters of concern. Fluctuations in the prices of man-made fibres due to various extraneous factors lead to uncertainty. Further, shortage of skilled labour and continued inflation are a cause for concern.

OUTLOOK

The global man made textile market will continue to grow. The main drivers are increasing population, economic growth, consumer aspirations, new applications, & infrastructure projects.

Our company has competitive edge in terms of quality and ability to be flexible on the face of changing requirements of the market.

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. Internal Audit is conducted by independent Chartered Accountants, on a quarterly basis. Independence of the Internal Audit and compliance function is ensured by the direct reporting of the internal audits to the Audit Committee of the Board. The Audit Committee periodically reviews internal control systems with help of the internal and statutory auditors and reports to the Board on its adequacy.

FINANCIAL PERFORMANCE

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

HUMAN RESOURCES

The employees on roll in the Company as on 31st March 2014 were 2887.

The core of our corporate philosophy is centered on our employees. We believe that the strength of an organisation is its employees as a dedicated, enlightened and contented work force is the life line for any business to achieve its goals. 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. Industrial relations remained normal at all levels. Customized training programs that enhance both personal as well as career growth are conducted on a continuing basis.

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 reasonable 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. The Company takes no responsibility for any consequence of decisions made based on such statements and holds no obligation to update these in future.

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 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)	10	–	6	–
Promoter Executive						
P. K. Daga Chairman and Managing Director	4	Yes	3	1	4	–
Independent Non - Executive						
Vikram Prakash	4	Yes	5	–	2	3
Pradeep Kumar Drolia	4	–	4	–	–	–

*Including Private Limited Companies.

Committee positions only of the Audit Committee and Shareholders / Investors Grievances Committee in public companies have been considered.

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 2014, four meetings of the Board of Directors were held on 17th May 2013, 13th August 2013, 13th November 2013 and 15th February 2014.

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.

Code of Conduct : 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 three Non - Executive Directors namely Shri Vikram Prakash, Chairman, Shri Yashwant Daga and Shri Pradeep Kumar Drolia as members. The Members have adequate knowledge of accounts and financial matters. One member, Shri Pradeep Kumar Drolia, has accounting and related financial management expertise. Smt. Puneeta Arora, Company Secretary is Secretary to the Committee.

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as Section 177 of the Companies Act, 2013.

During the year, this Committee held four meetings, on 17th May 2013, 13th August 2013, 13th November 2013 and 15th February 2014. Attendance of each member of the Committee was as follows –

Name of member	No of meetings attended
Shri Vikram Prakash	Four
Shri Yashwant Daga	Four
Shri Pradeep Kumar Drolia	Four

The necessary quorum was present at the meeting. At the invitation of the Company, representatives from various divisions of the Company, internal auditors, cost auditors, Statutory Auditors and President also try to attend the Meeting to respond to queries raised at the Committee meetings.

c) Remuneration Committee

The Remuneration Committee had been constituted to determine and recommend Directors' remuneration including Whole Time Directors. The Remuneration Committee comprised of Shri Vikram Prakash, Shri Yashwant Daga and Shri Pradeep Kumar Drolia.

The Remuneration Committee meeting was held on 17th May 2013.

The attendance of each Remuneration Committee member is as under -

Name of member	No of meetings attended
Shri Vikram Prakash	One
Shri Yashwant Daga	One
Shri Pradeep Kumar Drolia	One

Remuneration to Non-Executive Directors as decided by Board of Directors is within the limits set out in Sections 309 and 198 of the Companies Act, 1956. The members of the Company have through special resolution passed through Postal Ballot result of which was declared on 22nd January 2014, authorised the Board of Directors of the Company to pay commission to Non-Executive Directors within the limits as set out in Section 309 of the Companies Act, 1956 or any re-enactment thereof.

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
Sh. P. K. Daga (Chairman and Managing Director)	–	–	–	–	–
Sh. Yashwant Daga	–	–	104660	127500	232160
Sh. Vikram Prakash	–	–	104660	127500	232160
Sh. Pradeep Kumar Drolia	–	–	104660	127500	232160

(**The commission paid is in respect of financial year 2012-13, but actual payment is made in 2013-14)

The Board of Directors of the Company determine the quantum of commission payable to Non-Executive Directors considering the performance of the Company for the said year.

The Company pays sitting fees of ₹ 15,000/- per meeting to the Non-Executive Directors for attending the meetings of the Board and ₹ 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 2014 :-

Non-Executive Directors	No of ordinary shares @ ₹ 10/- held singly and/or jointly.
Shri Yashwant Daga	241020

d) Shareholders / Investors Grievances Committee

The Committee comprised of three Non-Executive Directors namely, Shri Vikram Prakash, 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 2014, 9 (Nine) complaints were received and all were satisfactorily disposed off. As on 31.03.2014, pendency is Nil.

b) There were no pending requests for Share transfers as on 31st March 2014.

During the year, this Committee held four meetings on 17th May 2013, 13th August 2013, 13th November 2013 and 15th February 2014. Attendance of each member of the Committee was as follows –

Name of member	No of meetings attended
Shri Vikram Prakash	Four
Shri Yashwant Daga	Four
Shri Pradeep Kumar Drolia	Four

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.

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
29th AGM	121, Industrial Area, Baddi, Tehsil Nalagarh, Dist – Solan Pin – 173 205 (H.P)	20-09-2011	12.15 P.M	2
30th AGM	– do –	21-09-2012	12.30 P.M	1
31st AGM	– do –	16-08-2013	12.30 P.M	–

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

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

No Extra Ordinary General Meeting was held during the year.

ii) Postal Ballot :

a) Whether any special resolution passed last year through postal ballot and details of voting pattern -

Special Resolution was passed to give authority to Board of Directors to pay commission to Non-Executive Directors within the limits set out in section 309 of the Companies Act, 1956 or any re-enactment thereof, in such manner as it may determine, for a period of five years from 1st April 2013 to 31st March 2018.

b) Voting Pattern

S. No	Particulars	No of Postal ballot forms	No of shares	% of total equity capital voted through Postal ballot
a)	Total Postal ballot forms received	45	2945789	100%
b)	Less: Invalid postal ballot forms (as per electronic computer register)	3	940	0.03%
c)	Net valid postal ballot forms (as per electronic computer register)	42	2944849	99.97%
d)	Postal ballot forms with assent for the resolution	34	2942089	99.91%*
e)	Postal ballot forms with dissent for the resolution	8	2760	0.09%*

* %ge of valid postal ballot forms

c) Person who conducted the postal ballot exercise

Shri Ajay Arora, the Practising Company Secretary, having his office at Chandigarh, conducted the postal ballot as a Scrutinizer.

d) Whether any special resolution is proposed to be conducted through postal ballot?

Special Resolutions to be passed at the ensuing Annual General meeting of the Company are not proposed to be put through postal ballot. However, for other special resolutions, if any, in the future, the same will be decided at the relevant time.

e) Procedures for Postal Ballot

The procedure for postal ballot was as per the provisions contained in this behalf in the Companies Act, 1956 and rules made thereunder namely Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

However, future postal ballot, if any, will be as per the provisions of the Companies Act, 2013 and rules made thereunder.

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 : Saturday, 6th day of September, 2014 at 11.30 A.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 2014	–	Middle of August 2014
Results for the quarter ending 30th September 2014	–	Middle of November 2014
Results for the quarter ending 31st December 2014	–	Middle of February 2015
Audited results for the year ending 31st March 2015	–	Last week of May 2015
Book closure date: 05.09.014 to 06.09.2014 (both days inclusive)		

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

iv) Annual listing fees for 2014-15 has been paid to above Stock Exchanges.

v)

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 2013	26.70	21.15	October 2013	33.60	31.05
May 2013	30.00	24.60	November 2013	41.90	32.60
June 2013	28.25	25.00	December 2013	42.30	36.15
July 2013	26.00	24.10	January 2014	41.00	33.10
August 2013	31.20	25.95	February 2014	39.95	34.00
Sept 2013	33.50	28.50	March 2014	39.50	35.00

There was NIL trading in equity shares of the Company at Calcutta Stock Exchange during the period from 1st April 2013 to 31st March 2014.

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, Mangoe Lane, 2nd Floor, Kolkata – 700 001
Telephone : (033)22435029, (033)22433809, (033) 22482248

(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) (a) **Pattern of Shareholding as on 31.03.2014.**

Sr. no.	Category	No. of Shares held	% of Paid up Share Capital
1	Promoters	2952735	41.07
2	Mutual Funds and Insurance Companies	9100	0.13
3	Financial Institutions and Banks	319780	4.45
4	Bodies Corporates	135750	1.89
5	NRIs and OCBs	140874	1.96
6	Other Resident Individuals	3631129	50.5
	Total	7189368	100.00

(b) **Distribution of Shareholding as on 31.03.2014**

From – to	No. of Shares held	% of total paid Up Capital	No. of Share holders	% of total No. of Shareholders
Upto – 500	12,26,338	17.05	8,377	92.08
501-1000	3,20,905	4.47	407	4.47
1001-10000	7,67,006	10.67	267	2.93
10001 & above	48,75,119	67.81	47	0.52
Total	71,89,368	100.00	9,098	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 2014, 89.61% 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.

9) Compliance Certificate

Compliance Certificate for Corporate Governance from Auditors of the Company is given as Annexure to this report.

10) Cost Audit Reports

Details of the Cost Audit Reports filed during the year in compliance with the requirements under General Circular 15/2011 dated 11th April 2011 of Ministry of Corporate Affairs, Cost Audit Branch. The details of cost audit reports filed during the year in compliance of the aforesaid circular are given below :-

Product	Name of Cost Auditor	Due Date	Date of Filing
Synthetic yarn	M/s. Shakti K. & Associates, Cost Accountants	27/09/2013	06/09/2013

The above report was adopted by the Board of Directors at its meeting held on 15th May, 2014.

**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 the members of the Board of Directors and Senior Management personnel of the Company pursuant to clause 49 of the Listing Agreement with Stock Exchanges. This Code is also posted on its website.

I confirm that all the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the said Code of Conduct in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March 2014.

Place : New Delhi
Date : 15th May, 2014

P. K. DAGA
*Chairman and
Managing Director*

AUDITOR'S 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 2014 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 : 15th May, 2014

For **SINGHI & CO.**
Chartered Accountants
Firm Reg. No.302049E
B. K. Sipani
Partner
Membership No. 088926

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, 2014 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, but not for the the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit 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, 2014;
- 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 and proper returns adequate for the purposes of our audit have been received from depots not visited by us.
- 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 and with the returns received from depots not visited by us.
- 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, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, 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 : 15th May, 2014

For **SINGHI & CO.**
Chartered Accountants
Firm Reg. No.302049E
B. K. Sipani
Partner
Membership No. 088926

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 except stock-in-transit 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 explanations 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 explanations 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) a. According to the information and explanations provided by management, we are of the opinion that the particulars of contracts or arrangement referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered in to during financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (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. We have not, however, made a detailed examination of the same.
- (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	₹ In Lakhs	Forum where dispute is pending
Central Excise Act, 1944	Classification of Goods supplied to handloom society	1998-99 & 1999-00	9.03	High Court, Shimla

Name of the Statute	Nature of dues	Relating to Year	₹ In Lakhs	Forum where dispute is pending
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
Himachal Pradesh Tax on Entry of Goods in to Local Area Act-2010	Entry Tax	2010-11 to 2013-14	214.90	High Court, Shimla
Income Tax Act, 1961	Demand for excess credit allowed u/s 115JAA	Assessment Year 2002-03	19.74	CIT (Appeals) Kolkata
Income Tax Act, 1961	Short Allowance of Credit of TDS, Excess of charge of Interest u/s 234B & C	Assessment Year 2011-12	6.25	CIT (Appeals) Kolkata
Madhya Pradesh Upker Adhinyam 1981	Cess on Electricity Duty	2012-13 & 2013-14	62.63	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 loan taken by others. Accordingly clause 4(xv) of the Order is not applicable.
- (xvi) 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 explanations 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. 088926

Place : New Delhi
 Date : 15th May, 2014

BALANCE SHEET AS AT 31ST MARCH, 2014

	Note No.	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ In lakhs)
I EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	'1'	720.11	720.11
(b) Reserves and Surplus	'2'	7,506.25	6,355.25
		8,226.36	7,075.36
(2) Non-Current Liabilities			
(a) Long-term Borrowings	'3'	7,304.38	6,787.31
(b) Deferred Tax Liabilities (Net)	'4'	2,111.64	1,483.31
(c) Other Long-term Liabilities	'5'	2.60	12.71
(d) Long-term Provisions	'6'	230.63	147.03
		9,649.25	8,430.36
(3) Current Liabilities			
(a) Short-term Borrowings	'7'	4,917.30	4,303.19
(b) Trade Payables	'8'	2,088.74	1,514.34
(c) Other Current Liabilities	'9'	2,232.09	1,248.39
(d) Short-term Provisions	'6'	544.63	236.51
		9,782.76	7,302.43
Total		27,658.37	22,808.15
II ASSETS			
(1) Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	'10'	15,836.84	9,539.08
(ii) Capital Work-in-Progress		337.78	3,722.40
(b) Long-term Loans and Advances	'11'	792.95	1,665.71
(c) Trade Receivables	'12'	-	-
(d) Other Non-Current Assets	'13'	14.92	14.92
		16,982.49	14,942.11
(2) Current Assets			
(a) Inventories	'14'	5,759.27	3,800.62
(b) Trade Receivables	'12'	3,781.80	3,250.33
(c) Cash and Bank Balances	'15'	72.23	168.38
(d) Short-term Loans and Advances	'11'	745.60	425.82
(e) Other Current Assets	'13'	316.98	220.89
		10,675.88	7,866.04
Total		27,658.37	22,808.15
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

Dated : 15th May, 2014

S. B SHARDA

Chief Financial Officer & President

PUNEETA ARORA

Company Secretary

P. K DAGA

Chairman and Managing Director

VIKRAM PRAKASH

YASHWANT DAGA

P. K DROLIA

Directors

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	For the Year ended 31st March, 2014 (₹ In lakhs)	For the Year ended 31st March, 2013 (₹ In lakhs)
I. REVENUES			
Revenue from Operations	'17'	39,236.61	30,891.47
Less: Excise Duty		15.50	146.15
Revenue from Operations (Net)		39,221.11	30,745.32
II Other Income	'18'	282.59	457.02
III Total Revenues (I + II)		39,503.70	31,202.34
IV EXPENSES			
Cost of Materials Consumed	'19'	27,629.23	20,423.11
Changes in Inventories of Finished Goods, Work-in-Progress and Waste	'20'	(1,950.19)	418.95
Employees' Benefit Expenses	'21'	3,096.47	2,405.49
Other Expenses	'22'	6,206.96	4,460.82
V Total		34,982.47	27,708.37
VI Profit before Finance Cost, Tax and Depreciation (III - V)		4,521.23	3,493.97
Finance Cost	'23'	1,205.72	743.45
Depreciation Expenses	'24'	1,060.43	745.91
VII Profit before tax		2,255.08	2,004.61
VIII Tax Expense			
Current Tax	'25'	475.75	483.21
Deferred Tax		628.33	222.17
IX Profit after Tax for the year (VII- VIII)		1,151.00	1,299.23
Basic & Diluted Earnings Per Equity Share (of ₹ 10 each)	'26.7'	16.01	18.04
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
Dated : 15th May, 2014

S. B SHARDA

Chief Financial Officer & President

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, 2014

(₹ In lakhs)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
A CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit /(Loss) before Tax	2,255.08	2,004.61
Adjustment for -		
Depreciation Expenses	1,060.43	745.91
Finance Cost	1,205.72	743.45
Profit on sale/discard of Fixed Assets (Net)	6.37	(22.52)
Profit on sale of Long Term Investment (Other than Trade)	-	(9.99)
Interest Income	(154.05)	(138.67)
Dividend on Long Term Investments from subsidiary	-	(0.60)
Operating Profit before Working Capital Changes	4,373.55	3,322.19
Adjustment for -		
Trade Receivable, Loans & Advances and Other Assets	(763.19)	(807.62)
Inventories	(1,958.65)	136.72
Trade Payables, Provisions & Other Liabilities	1,090.09	141.05
	2,741.80	2,792.34
Direct Taxes (Paid)/Refunds	(592.63)	(373.63)
Net Cash from Operating Activities	(A) 2,149.17	2,418.71
B CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(3,006.91)	(6,958.54)
Sale of Fixed Assets	38.19	145.26
Movement in Fixed Deposits	0.43	(4.85)
Sale of Long Term Investment (Other than Trade)	-	14.98
Dividend Received	-	0.60
Interest Received	147.07	137.63
Net Cash from Investing Activities	(B) (2,821.22)	(6,664.92)
C CASH FLOW FROM FINANCING ACTIVITIES :		
Increase in Long Term Borrowings	1,372.13	4,633.65
Increase in Short Term Borrowings	614.11	557.62
Interest Expenses (including capitalised ₹ 198.75 lakhs, previous year ₹ 178.36 lakhs)	(1,404.47)	(958.92)
Net Cash from Financing Activities	(C) 581.77	4,232.35
Net Increase/Decrease in Cash and Cash Equivalents	(A+B+C) (90.28)	(13.86)
Cash and Cash Equivalents as at (Opening Balance)	106.84	120.70
Cash and Cash Equivalents as at (Closing Balance)	16.56	106.84
Components of Cash and Cash Equivalents		
Cash in hand	10.36	3.30
Balance with Banks		
In Current Accounts	6.20	103.54
Fixed Deposit Account (maturing within one year)	50.41	50.95
Unclaimed Dividend Accounts	3.92	9.36
Employees Security Deposits Accounts	1.34	1.23
	72.23	168.38
Less: Employee Security Deposit & Unclaimed Dividend & Fixed Deposit lying with Bank	55.67	61.54
	16.56	106.84

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

Dated : 15th May, 2014

S. B SHARDA

Chief Financial Officer & President

PUNEETA ARORA

Company Secretary

P. K DAGA

Chairman and Managing Director

VIKRAM PRAKASH

YASHWANT DAGA

P. K DROLIA

Directors

NOTES ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2014

	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ In lakhs)
1. Share Capital :		
Authorized :		
80,00,000 (Previous year 80,00,000) Equity Shares of ₹10/- each	800.00	800.00
60,00,000 (Previous year 60,00,000) Equity Shares of ₹ 10/- each	600.00	600.00
	<u>1,400.00</u>	<u>1,400.00</u>
Issued :		
72,12,868 (Previous year 72,12,868) Equity Shares of ₹ 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 ₹ 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 holder 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

Shareholders holding more than 5 percent Equity shares of the Company :

S.No	Name of shareholder	As at 31st March, 2014		As at 31st March, 2013	
		Numbers of Shares held	Percentage of Holding	Numbers of Shares held	Percentage of Holding
1	M/s. Mangalam Engineering Projects Ltd.	9,18,929	12.78	9,18,929	12.78
2	Sh. Pradip Kumar Daga	5,02,389	6.99	5,02,389	6.99
3	M/s. Contransys Pvt. Ltd	4,02,100	5.59	4,02,100	5.59
4	M/s. Jalpaiguri Holding Pvt. Ltd.	4,00,770	5.57	3,86,400	5.37
5	Smt. Asha Devi Daga	3,64,062	5.06	3,64,062	5.06

	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ 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	3,291.90	1,992.67
Add: Profit for the year	1,151.00	1,299.23
	4,442.90	3,291.90
Total (i to iv)	7,506.25	6,355.25

	Non-current portion		Current maturities	
	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ In lakhs)	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ In lakhs)
(i) Secured				
(a) Term Loans from a Bank	6,710.67	6,103.79	1,496.00	725.50
(b) Term Loans from a Bank	586.00	670.00	84.00	-
(c) Vehicle Loans				
(a) From a Bank	2.35	4.31	1.95	1.75
(b) From Others	5.36	9.21	3.85	3.49
	7,304.38	6,787.31	1,585.80	730.74
(ii) Amount disclosed under the head "other current liabilities" (Refer Note No. 9)	-	-	(1,585.80)	(730.74)
(Total i-ii)	7,304.38	6,787.31	-	-

- 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 guarantee 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 guarantee 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

a.		Previous Year		Current Year			
As at 31st March, 2014 (₹ In lakhs)	Rate of Interest	Installments Outstanding	Repayment Periodicity	As at 31st March, 2013 (₹ In lakhs)	Rate of Interest	Installments Outstanding	Repayment Periodicity
-	-	-	Quarterly Equal Annually Graded	16.00	15.75% to 13.40% linked with Base Rate	1	Quarterly Equal Annually Graded
552.00	13.40% to 13.45% linked with Base Rate	8	Quarterly Equal Annually Graded	787.00	15.75% to 13.40% linked with Base Rate	12	Quarterly Equal Annually Graded
111.70	13.40% to 13.45% linked with Base Rate	5	Quarterly Equal Annually Graded	265.70	15.75% to 13.40% linked with Base Rate	9	Quarterly Equal Annually Graded
30.00	13.40% to 13.45% linked with Base Rate	1	Quarterly Equal Annually Graded	146.00	15.75% to 13.40% linked with Base Rate	5	Quarterly Equal Annually Graded
2437.41	13.40% to 13.45% linked with Base Rate	26	Quarterly Equal	1988.56	14.25% to 13.40% linked with Base Rate	22	Quarterly Graded Installment with effect from Dec-2013
3579.56	13.40% to 13.45% linked with Base Rate	20	Quarterly Equal	2900.53	14.25% to 13.40% linked with Base Rate	18	Quarterly Graded Installment with effect from June-2013
6710.67				6,103.79			
b.		Previous Year		Current Year			
586.00	13.40% to 13.45% linked with Base Rate	20	Quarterly Equal	670.00	14.25% to 13.40% linked with Base Rate	23	Quarterly Equal, Installment with effect from Sep-2014
586.00				670.00			
c.		Previous Year		Current Year			
2.35	11.51%	21	Monthly Graded	4.31	11.51%	25	Monthly Graded
2.07	9.30%	20	Monthly Graded	3.92	9.30%	24	Monthly Graded
3.29	8.43%	26	Monthly Graded	5.29	8.43%	30	Monthly Graded
7.71				13.52			

	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ In lakhs)
4 Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities on account of :		
Depreciation	2,303.24	1,633.57
	<u>2,303.24</u>	<u>1,633.57</u>
Deferred Tax Assets on account of :		
Provisions For Employees Benefits	90.84	82.34
Other Timing Differences	100.76	67.92
	<u>191.60</u>	<u>150.26</u>
Deferred Tax Liabilities/ (Assets) Net	<u>2,111.64</u>	<u>1,483.31</u>
5 Other Long-term Liabilities		
Trade Deposits	2.00	11.90
Employee Security Deposits	0.60	0.81
	<u>2.60</u>	<u>12.71</u>

	Long-term		Short-term	
	As at	As at	As at	As at
	31st March, 2014 (₹ In lakhs)	31st March, 2013 (₹ In lakhs)	31st March, 2014 (₹ In lakhs)	31st March, 2013 (₹ In lakhs)
Provision for Employee Benefits	230.63	147.03	36.62	95.23
Provision for Disputed Statutory Matters	-	-	214.90	141.28
Provision for CurrentTax	-	-	293.11	-
	<u>230.63</u>	<u>147.03</u>	<u>544.63</u>	<u>236.51</u>

	Current year	Previous Year
Disclosure as per AS-29 for Provision for Disputed Statutory Matters		
Opening Balance	141.28	113.89
Prov. During the Year	104.89	79.68
Paid During the Year	31.27	52.29
Closing Balance	214.90	141.28

7 Short-term Borrowings

A Secured

Loan repayable on demand

From a Bank	4,917.30	4,303.19
	<u>4,917.30</u>	<u>4,303.19</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	2,088.74	1,514.34
	<u>2,088.74</u>	<u>1,514.34</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.

	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ In lakhs)
9 Other Current Liabilities		
Current maturities of long-term debts	1,585.80	730.74
Unpaid Dividends	3.92	9.36
Customers' Credit Balances and Advances against orders	154.80	175.90
Security Deposits	6.12	5.20
Statutory Dues	81.64	57.12
Directors Commission	7.20	4.50
Employees liabilities	392.61	265.57
	2,232.09	1,248.39

10 Fixed Assets (₹ In lakhs)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.13	Additions	Deductions/ Adjustments	Total as at 31.03.14	Up to 31.03.13	During the Year	Deductions/ Adjustments	Total as on 31.03.14	As at 31.03.14	As at 31.03.13
TANGIBLE ASSETS										
FreeHold Land *	33.40		—	33.40	—	—	—	—	33.40	33.40
Lease hold Land	34.45	—	—	34.45	9.35	0.37	—	9.72 #	24.73	25.10
Buildings	2,692.46	2,409.68		5,102.14	1,190.89	127.78	—	1,318.67	3,783.47	1,501.57
Plant & Equipment	15,854.98	4,933.37	247.30	20,541.05	7,987.36	905.78	209.77	8,683.37	11,857.68	7,867.62
Office Equipments	133.37	47.59	15.42	165.54	101.73	8.80	13.70	96.83	68.71	31.64
Furniture & Fixtures	96.11	12.11	13.29	94.93	84.02	8.04	12.50	79.56	15.37	12.09
Vehicles	127.63	—	11.65	115.98	59.97	9.66	7.13	62.50	53.48	67.66
Total	18,972.40	7,402.75	287.66	26,087.49	9,433.32	1,060.43	243.10	10,250.65	15,836.84	9,539.08
Previous Year	16,198.77	3,312.56	538.93	18,972.40	9,103.60	745.91	416.19	9,433.32	9,539.08	

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

Represents Amortisation of Lease Rent

	Non-Current		Current	
	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ In lakhs)	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ In lakhs)
	11 Loans and Advances :			
(Unsecured, Considered Good)				
Capital Advances	79.85	892.32	—	—
Security Deposits	196.93	164.76	—	—
Advance Current Tax (Net of Provision)	—	—	145.45	28.57
Balances with Excise & Custom Department	516.17	602.33	125.00	140.00
Advances Recoverable in Cash or in Kind	—	6.30	460.78	247.55
Prepaid Expenses	—	—	14.37	9.70
	792.95	1,665.71	745.60	425.82

	Non-Current		Current	
	As at	As at	As at	As at
	31st March, 2014 (₹ In lakhs)	31st March, 2013 (₹ In lakhs)	31st March, 2014 (₹ In lakhs)	31st March, 2013 (₹ In lakhs)
12 Trade Receivables :				
(Unsecured, Considered Good unless otherwise stated)				
(a) Outstanding for more than six months (from due date)				
Considered Good	–	–	178.95	62.20
Considered Doubtful	–	–	12.16	12.16
	–	–	191.11	74.36
Less Provision for Doubtful	–	–	12.16	12.16
	–	–	178.95	62.20
(b) Other Receivables	–	–	3,602.85	3,188.13
	–	–	3,781.80	3,250.33

13 Other Assets :

(Unsecured, Considered Good)

Export Benefits/ Claims Receivable

14.92 14.92 300.76 211.65

Interest Accrued on Fixed Deposits

– – 0.55 0.97

Interest Accrued on others

– – 15.67 8.27

14.92 14.92 316.98 220.89

14 Inventories:

(As certified by the Management)

Raw Materials (Including in Transit ₹ 129.91 lakhs)

1,365.54 1,307.25

(Previous Year ₹ 127.46 lakhs)

Work-in-Progress

531.90 253.57

Finished Goods

3,507.98 1,830.23

Stores and Spares (Including in Transit ₹ 49.06 lakhs)

350.59 400.42

(Previous Year ₹ 104.73 lakhs)

Waste

3.26 9.15

5,759.27 3,800.62

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.

	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ In lakhs)
15 Cash and Bank Balances :		
(a) Cash and Cash Equivalents		
Cash Balance on hand	10.36	3.30
Balance with Banks :		
Current Accounts	6.20	103.54
Fixed Deposit (maturity within three months) *	–	50.95
(b) Other bank balances		
Fixed Deposit (maturity within one year) *	50.41	–
(*Pledged as Margin with Bank)		
(c) Earmarked Balances with banks		
Unpaid Dividend Account	3.92	9.36
Employees Security Deposit Accounts	1.34	1.23
	72.23	168.38
16 Contingent Liabilities and Commitments		
A. Contingent Liabilities not provided for in respect of		
i) Bank Guarantee	–	1.00
ii) Demand for Excise duty, being contested by the Company *	43.73	43.73
(Amount deposited ₹ 9.00 lakhs, Previous year ₹ 9.00 lakhs)		
iii) Demand for Income Tax, being contested by the Company *	67.97	114.81
(Amount deposited ₹ 64.42 lakhs, Previous year ₹ 98.49 lakhs)		
iv) Legal Cases (Employees) *	3.00	6.77
*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 .	62.63	40.52
B. Capital Commitments (Net of Advance paid)	85.91	326.49

NOTES ANNEXED TO AND FORMING PART OF STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

	For the Year ended 31st March, 2014 (₹ In lakhs)	For the Year ended 31st March, 2013 (₹ In lakhs)
17 Revenue from Operations :		
Sale of Manufactured goods :		
Man Made Synthetic Yarn *	38,920.90	30,614.27
Sale of Electricity	108.76	79.80
Other Operating Income		
Export incentives & benefits	206.95	197.40
	<u>39,236.61</u>	<u>30,891.47</u>
Less: Excise Duty	15.50	146.15
Revenue from Operations (Net)	<u>39,221.11</u>	<u>30,745.32</u>
*Sales includes Export Sales of ₹ 3,280.05 lakhs (Previous year ₹ 3,203.91 lakhs)		
18 Other Income :		
Dividend on Long Term Investments from subsidiary	-	0.60
Interest	154.05	138.67
Profit on sale/discard of Fixed Assets (Net)	-	22.52
Profit on sale of Long Term Investment (Other than Trade)	-	9.99
Miscellaneous Income	124.89	270.68
Net Gain on Foreign Currency transactions and translation (Net)	-	9.18
Sundry credit balances written back (Net)	3.65	3.37
Insurance Claims	-	2.01
	<u>282.59</u>	<u>457.02</u>
19 Cost of Materials Consumed :		
Man Made Fibres	26,984.93	19,906.55
Dyes & Chemicals	644.30	516.56
	<u>27,629.23</u>	<u>20,423.11</u>
20 Changes in Inventories of Finished Goods, Work-in-Progress and Waste		
Inventories as at 31st March, 2014		
Work-in-Progress	531.90	253.57
Finished Goods	3,507.98	1,830.23
Waste	3.26	9.15
	<u>4,043.14</u>	<u>2,092.95</u>
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>
	<u>(1,950.19)</u>	<u>418.95</u>
21 Employees' Benefit Expenses		
Salaries, Wages and Bonus	2,795.38	2,164.45
Contribution to Provident and other Funds	138.18	115.62
Employee Welfare	162.91	125.42
	<u>3,096.47</u>	<u>2,405.49</u>

	For the Year ended 31st March, 2014 (₹ In lakhs)	For the Year ended 31st March, 2013 (₹ In lakhs)
22 Other Expenses		
Consumption of Stores & Spares	1,164.41	790.73
Consumption of Packing Materials	673.12	472.53
Job Charges	139.35	100.06
Power & Fuel	2,859.15	2,043.33
Rent	29.61	24.98
Insurance	32.22	26.60
Rates & Taxes	9.76	6.49
Repair and Maintenance		
Buildings	77.39	15.94
Machinery	107.93	85.55
Freight & Forwarding (Net)	544.12	434.59
Commission and Brokerage	141.99	110.25
Net Gain on Foreign Currency transactions and translation (Net)	56.13	–
Miscellaneous Expenses	332.83	284.85
Auditor's Remuneration (including service tax)		
For Audit Fee	5.62	5.62
For Limited Review	1.35	1.35
For Certification and other matters	1.91	0.45
Reimbursement of Expenses	0.69	0.42
Cost Auditor's fee	0.65	0.73
Commission to Directors	8.00	5.00
Prior Period Expenses	1.70	–
Loss on sale/discard of Fixed Assets (Net)	6.37	–
Bad debts & Advances written off (Net)	2.45	51.01
Donation	10.21	4.52
	6,206.96	4,465.00
Less; Amount transferred to Capital Work-in-Progress/Capitalised	–	4.18
	6,206.96	4,460.82
23 Finance Cost		
Interest Expenses \$	1,388.47	863.01
Other Borrowing cost	16.00	58.80
	1,404.47	921.81
Less : Amount transferred to Capital Work-in-Progress/Capitalised	198.75	178.36
	1,205.72	743.45
\$ Net of Interest subsidies ₹ 269.39 lakhs (Previous Year ₹ 85.39 lakhs) under TUF (Technology Upgradation Fund) scheme		
24 Depreciation Expenses		
On Tangible Assets (Refer Note No. 10)	1,060.43	745.91
25 Current Tax		
Current Tax for the year	475.00	477.50
Income Tax related to earlier year	0.75	5.71
Total Current Tax	475.75	483.21

26 Summary of Significant Accounting Policies And Other Notes on Accounts :

26.1 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 76752 Spindles. The company is generating electricity from it's Solar Power Plant at Rajgarh (M.P)

26.2 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.

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

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

	As at 31st March, 2014 (₹ In lakhs)	As at 31st March, 2013 (₹ In lakhs)
i) Receivable	201.25	298.94
ii) Payable	-	-

26.5 Borrowing cost capitalised during the year ₹ 198.75 lakhs (Previous year ₹ 178.36 Lakhs).

26.6 Disclosure as per Accounting Standard - 15

	Current Year (₹ In lakhs)	Previous Year (₹ In lakhs)
Define Contribution Plan -		
The Company has recognized the following amounts in the Statement of Profit and Loss		
Contribution to Employees Provident Fund	138.18	115.62
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, 2013	244.97	186.70
Current Service Cost	45.07	38.71
Past Service Cost	–	–
Interest Cost	19.60	14.93
Actuarial (Gain)/ Loss	12.37	31.19
Benefits Paid	(31.73)	(26.56)
Closing DBO as on 31st March, 2014	290.28	244.97
A reconciliation of opening and closing balances of the Fair value plan assets :		
Opening Fair value of plan assets	91.94	65.08
Expected return	8.05	5.95
Actuarial (Gain)/ Loss	(0.14)	(0.36)
Contribution by the employer	60.18	47.83
Benefits Paid	(31.73)	(26.56)
Closing fair value of plan assets	128.30	91.94
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 define benefit obligation at the end of the period	290.28	244.97
Less: Fair value of the plan assets at the end of the year	128.30	91.94
Liability recognised in Balance Sheet	<u>161.98</u>	<u>153.03</u>
The total expenses recognised in the Statement of Profit and Loss :		
Current Service Cost	45.07	38.71
Past Service Cost	–	–
Interest Cost	19.60	14.93
Expected return on Plan assets	(8.05)	(5.95)
Actuarial Gain/ (Loss)	12.51	31.55
Net Gratuity Cost	69.13	79.24
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	8.50%	8.00%
Expected rates of return on any plan assets	8.75%	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.		

(b) The amount for the current and previous four periods in respect of gratuity plan are as follows :

(₹ in Lakhs)

Particulars	2013-14	2012-13	2011-2012	2010-11	2009-2010
Defined benefit obligation	290.28	244.97	186.70	153.85	123.55
Plan Assets	221.15	165.73	142.31	106.65	98.80
Surplus/(Deficit)	69.13	79.24	44.39	47.20	24.75
Experience adjustment on plan Assets-gain/(loss)	(0.51)	(0.36)	(0.24)	(0.32)	0.07
Experience adjustment on plan Liabilities-gain/(loss)	(27.61)	(20.34)	0.22	(29.19)	(6.52)

26.7 Earning Per Share

	Current Year	Previous Year
Profit after tax (₹ In Lakhs)	1,151.00	1,299.23
Weighted average number of Equity Shares	7189368	7189368
Basic & Diluted earning per share of ₹ 10/- each	16.01	18.04

26.8 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) ₹ 3487.00 lakhs (Previous year ₹ 3401.31 lakhs) and domestic sales ₹ 35749.61 lakhs (Previous year ₹ 27490.16 lakhs) All assets of the Company are Located in India except export debtors ₹ 201.25 lakhs (Previous year ₹ 298.94 lakhs).

26.9 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) Enterprises over which Key Management Personnel are able to exercise significant influence M/s. Deepak Industries Ltd.

c) Related Party Transactions

Transactions	Name of Related Parties	Relatives of Key Management Personnel		Enterprises over which Key Management Personnel are able to exercise significant influence in M/s. Deepak Industries Ltd.	
		Current Year (₹ In lakhs)	Previous Year (₹ In lakhs)	Current Year (₹ In lakhs)	Previous Year (₹ In lakhs)
Remuneration	Sh. Shantanu Daga	12.81	11.34	–	–
Director Sitting Fee	Sh. Yashwant Daga	1.27	1.35	–	–
Reimbursement of Expenses	Sh. Yashwant Daga	0.43	0.91	–	–
Directors Commission (On Paid Basis)	Sh. Yashwant Daga	1.05	–	–	–
Purchase of Electricity	M/s. Deepak Industries Ltd.	–	–	150.86	–
Outstanding Balance as on 31st March, 2014					
Payable	M/s. Deepak Industries Ltd.	–	–	150.86	–

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

26.10 Value of Import on CIF basis

	For the Year 31st March, 2014 (₹ In lakhs)	For the Year 31st March, 2013 (₹ In lakhs)
Stores & Spares	24.87	31.10
Capital Goods	126.72	964.55

26.11 Value of Imported and Indigenous Raw Material Consumed and Percentage Thereof.

	For the Year 31st March, 2014 (₹ In lakhs)		For the Year 31st March, 2013 (₹ In lakhs)	
	Value	%	Value	%
Indigenous	27629.23	100.00	20423.11	100.00
Imported	–	–	–	–
	<u>27629.23</u>	<u>100.00</u>	<u>20423.11</u>	<u>100.00</u>

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

	For the Year 31st March, 2014 (₹ In lakhs)		For the Year 31st March, 2013 (₹ In lakhs)	
	Value	%	Value	%
Indigenous	1134.49	97.43	760.94	96.23
Imported	29.92	2.57	29.79	3.77
	<u>1164.41</u>	<u>100.00</u>	<u>790.73</u>	<u>100.00</u>

26.13 Expenditure in Foreign Exchange

	For the Year 31st March, 2014 (₹ In lakhs)	For the Year 31st March, 2013 (₹ In lakhs)
Travelling	0.46	–
26.14 Non Resident shareholders etc.		
a) Number of Non Resident shareholders	407	413
b) Number of Shares held by them	140774	143199
c) Amount of Dividend declared,	–	–
d) Amount remitted in foreign currency	–	–
26.15 FOB Value of exports	3166.59	3127.06

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

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

Dated : 15th May, 2014

S. B SHARDA

Chief Financial Officer & President

PUNEETA ARORA

Company Secretary

P. K DAGA

Chairman and Managing Director

VIKRAM PRAKASH

YASHWANT DAGA

P. K DROLIA

Directors

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

CIN NO. L17111HP1982PLC016465

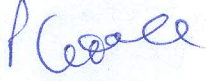
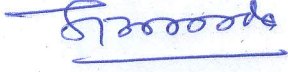

Regd. Office: 121 Industrial Area, Baddi, Tehsil Nalagarh
District Solan, Himachal Pradesh-173205

Telephone nos. 0172 2790973, 2790974, Fax - 0172 2790977

Website: www.dsl-india.com Email: share@dsl-india.com

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 2014
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. no. 302049E AUDITOR OF THE COMPANY	For SINGHI & CO. Chartered Accountants FRN No. 302049E  B. K. SIPANI Partner (M. No. 088926) 401-408, PRAGATI HOUSE 47-48, NEHRU PLACE, NEW DELHI-110019
	(VIKRAM PRAKASH) Chairman - Audit Committee	