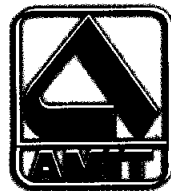


REINFORCING VALUES



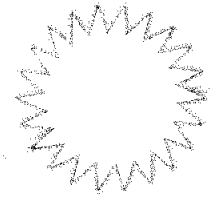
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100% EOU

**AMIT SPINNING INDUSTRIES LIMITED**

AN ISO 9002 COMPANY



*All the notions we thought solid, all the values of civilized life, all that made for stability in international relations, all that made for regularity in the economy... in a word, all that gave nations and individuals some confidence in the morrow.... all this seems badly compromised. I have consulted all the augurs I could find, of every species, and I have heard only vague words, contradictory prophecies, and curiously feeble assurances. Never has humanity combined so much power with so much disorder, so much anxiety with so many playthings, and so much knowledge with so much uncertainty.*

— Paul Valéry, " Historical Fact "  
( 1932 )



## AMIT SPINNING INDUSTRIES LIMITED



### BOARD OF DIRECTORS

Shri. Bharat P. Shah	Chairman & <i>Managing Director</i>
Shri A.B. Shah	<i>Joint Managing Director</i>
Shri K.R. Choksey	<i>Director</i>
Shri. Y.R. Shah	<i>Director</i>
Shri. Pravin Shah	<i>Director</i>
Shri. Tushar Jani	<i>Director</i>
Shri. R. Sampath	<i>Technical Director</i>

Shri. M.M.Kamath

Vice President & Company Secretary

### AUDITORS

M/s. B.S. Mehta & Co.  
Chartered Accountants, Mumbai

### BANKERS

Bank of Baroda.  
Bank of India.  
State Bank of Mauritius Ltd.

### FINANCIAL INSTITUTIONS

Industrial Development Bank of India.  
SICOM Ltd.

### REGISTERED & CORPORATE OFFICE

Lotus House, 5th Floor,  
33-A, New Marine Lines,  
Mumbai 400 020.  
Tel. Nos.: 2315801- 6 lines  
Fax Nos.: 2315808 / 09  
**E-mail:**  
asil@bom2.vsnl.net.in.  
asil@bol.net.in

### WORKS

Gat No.47 & 48, Sangavade Village,  
Kolhapur -Hupari Road, Taluka-Karveer,  
Dist. Kolhapur - 416 005.  
Tel. No.: 0231-676108, 676106.  
Fax No.: 0231-676164  
E-mail : asil@pn3.vsnl.net.in

### WEBSITE

<http://www.amitgroup.com>

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**10th****ANNUAL REPORT 2000-2001****MANAGING DIRECTOR'S BUSINESS REPORT****Dear Shareholder Friends,****Textile Industry:**

The year that went by was probably the worst year in the last 25 years history of spinning industries. Officially the number of spinning mills closed at end of April 2001 was 265, (closed composite mills are 122 making the total number 387) but unofficially the figure is put at 500 odd units. Despite this the supply exceeded demand. The slow down in the economy of the US, coupled with almost stagnant demand from Europe and Far East and recession in Japan, had an impact on world demand of cotton yarn. The fine count mills were better off than the coarse count Mills as the over supply position in coarse count was very much evident. The domestic cotton prices ruled firm compared to global prices because of the Maharashtra Government's high support prices and a much lower than expected cotton crop. This affected the coarse-medium count mills much, the category to which Amit Spinning belongs.

For the first time the country could not meet the export target in cotton yarn sector (The actual exports were lower by 24% than the target set by Texprocil) and the growth rate was negative. The export of cotton yarn was lower by 6.5% (513 MN kgs. in 2000-2001 compared to 548 MN. Kgs. in 1999-2000). The figures for 4<sup>th</sup> quarter of year 2000-01 is lower by 11.43% than those of year 1999-00.

The outlook for this year is no different. There are factors like excise duty on ready made garments, reduction in duty drawback rates in case of garment exports which shall affect the yarn off take from the garment industry. The setting of spinning Mills in Bangladesh and the incentives given to the local Bangladeshi exporters buying from local spinning units has affected the exports to Bangladesh, which was the main importer of Indian cotton yarn. The world cotton prices are cheaper than the Indian cotton prices, removing the most competitive factor that Indian spinners enjoyed in the past. This with escalating fuel and power costs is making Indian coarse and medium yarn spinners non competitive. The only good point is continuous reduction in the interest rates. However, the EOU units will not have this advantage. The policy of gradually phasing out the benefits to EOUs will also have adverse effect on these units.

**Comparison with other EOUs**

	Total	2000-01 Amit	EOUs	Amit
			% of total income	
Sales	1236.84	104.73		
Other Income	9.39	0.38		
Total Income	1246.23	105.11		
Total Expenses	1056.54	92.7	84.78%	88.19%
PBIDT	189.69	12.41	15.22%	11.81%
Interest	109.73	7.41	8.80%	6.79%
GP	79.96	5.27	6.42%	5.01%
Depreciation	66.4	3.46		
Tax	2.81	0		
PAT	13.56	1.81	1.09%	1.72%

## AMIT SPINNING INDUSTRIES LIMITED



### Performance of Amit Spinning

When compared to other EOUs the company has more or less fared equally even though most of the EOUs belong to fine count categories.

I shall deal with each parameter of our performance. Please note that the figures are regrouped (kindly refer to Auditors note to the accounts) and hence 1999-00 figures also have been suitably changed to give proper comparison.

#### 1. Sales Revenue

The sales grew by 12.92 % because we have experimented to run part of another unit on job work basis. However this also resulted in increase in stocks as this unit came in full production only in March 2000.

#### 2. Total Expenditure

Total expenses rose by Rs. 12.5 crores (15.57%), out of which material consumption has increased by Rs. 10.37 crores (15.9%), and power by Rs. 1.33 Crores (36.5%).

Material consumption basically has increased because of higher turnover. But the increase in power has mainly occurred because of higher Furnace oil prices through out the year. Of course still the captive power is cheaper than the MSEB. This year the furnace oil prices are likely to remain high but steady. This increase in power cost reduced our profit compared to last year.

#### 3. Interest Cost

The interest cost marginally decreased by 0.18%. It is now 6.79% of total revenue.

#### 4. Working Capital Management

Working capital management on the whole was stretched a bit as at the end of the year finished goods inventory (valued at cost or market rate whichever is lower) rose substantially, mainly due to Job work being done from January end. The finished goods inventory level was high at 37 days. Sundry debtors rose because of higher sales in the local market than last year, however advances on account of Kapas purchase came down, because of early closure of cotton season in Gujarat.

#### 5. Marketing

The progress towards Niche market continues. We have already installed four ring frames of new compact technology and the response to its products is very good. Other Niche areas are being explored like yarn out of organic cotton and steps are being taken for the marketing of the same.

### Joint Venture

Joint venture with Tessitura Monti of Italy is progressing well. The land is finalized and the civil construction work will start very soon. The experiments for the manufacturing yarn suitable for this project are already on at our factory.

We also have entered into a joint venture for distribution of yarn in Canada with Amshersh Trading Co. of Montreal, and have floated a new company called United Yarns, Inc. at Montreal.

We are also shortly planning to open an office at Singapore for distribution of our products.

Overall, we have been through a tough year and the current year also seems to be tough one so far. The rains have been good and after effects of Gujarat earthquake is behind us. We have also witnessed one of the tough years for the stock markets and the erosion in value to shareholders. We hope that the future will be better.

Place : Mumbai  
Date : 28th June 2001

**BHARAT P. SHAH**  
Chairman & Managing Director

# 10th

## ANNUAL REPORT 2000-2001

### NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the Members of the AMIT SPINNING INDUSTRIES LIMITED will be held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Mumbai 400 001 on the day of 28<sup>th</sup> August, 2001 at 4.00 p.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and Profit and Loss Account for the financial year ended on that date together with Directors' Report and Auditors' Report thereon.
2. To declare dividend on Preference Shares.
3. To appoint a Director in place of Shri Y.R. Shah who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications following resolutions as ordinary resolutions:

5. **RESOLVED THAT** Shri Pravin Shah who was co-opted as an Additional Director of the Company by the Board of Directors and who holds office under section 260 of the Companies Act, 1956 until the date of Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a Director be and is hereby appointed as a Director of the Company liable to retire by rotation.
6. **RESOLVED THAT** Shri Tushar Jani who was co-opted as an Additional Director of the Company by the Board of Directors and who holds office under section 260 of the Companies Act, 1956 until the date of Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of a Director be and is hereby appointed as a Director of the Company liable to retire by rotation.
7. **RESOLVED THAT** pursuant to the provisions of Section 198, 269, and 309, 310, 311 read with the provisions of Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 the Company hereby approves the appointment and terms of remuneration of Mr. Amit B. Shah as Joint Managing Director, not liable to retire by rotation for a period of five years with effect from 1<sup>st</sup> November, 2000 on the terms and conditions as set out in the draft agreement placed before this meeting and initialed by the Chairman for the purpose of identification, and that the Board of Directors of the Company be and is hereby authorized to execute the Agreement in this regard with Mr. Amit B. Shah.
8. **RESOLVED THAT** pursuant to the provisions of Section 198, 269, and 309, 310, 311 read with the provisions of Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 the consent of the Company be and it is hereby accorded to the appointment of Mr. R. Sampath as a whole time technical director for a period of five years with effect from 19<sup>th</sup> January, 2001 on the terms and conditions as set out in the draft appointment letter to be accepted by Mr. R. Sampath submitted to this meeting and for identification initialed by the Company Secretary with liberty to the Board of Directors, to alter, vary and modify the said appointment/remuneration including salary, performance bonus, allowances and perquisites in such manner as may be agreed to between the Board of Directors and Mr. R. Sampath within and in accordance with and subject to the limits prescribed in Schedule XIII to the Companies Act, 1956 or any amendment or any statutory modifications thereto and if necessary, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board of Directors and Mr. R. Sampath.

**RESOVLED FURTHER THAT** notwithstanding anything hereinabove stated, where, in any financial year closing on and after April 1,2001 the Company incurs a loss, or its profits are inadequate, the Company shall pay to Mr. R. Sampath remuneration by way of salary, performance bonus and other allowances not exceeding a sum of Rs. 9,00,000 per annum or Rs. 75,000 per month and in addition thereto, the perquisites not exceeding the limits specified under Para 2 of Section II, Part XIII to the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time as minimum remuneration.

9. To consider and if thought fit, to pass with or without modifications the following resolution as a special resolution :

**RESOLVED THAT** subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956 and rules framed there under, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to approvals/sanctions as may be necessary, the consent of the Company be and is hereby accorded to the Board of Directors to delist the equity shares of the Company from the Stock Exchange, Ahmedabad and Delhi Stock Exchange Association Limited.

**AMIT SPINNING  
INDUSTRIES LIMITED**



**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. **INSTRUMENTS OF PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE COMPANY'S REGISTERED OFFICE AT LOTUS HOUSE, 5TH FLOOR, 33-A NEW MARINE LINES, MUMBAI 400 020 NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.**
3. **MEMBERS DESIRING ANY INFORMATION ON THE ACCOUNTS AT THE ANNUAL GENERAL MEETING ARE REQUESTED TO WRITE TO THE COMPANY ATLEAST SEVEN DAYS IN ADVANCE, SO AS TO ENABLE THE COMPANY TO KEEP THE INFORMATION READY AT THE MEETING.**
4. **A DRAFT OF THE AGREEMENT TO BE ENTERED INTO BETWEEN MR. AMIT SHAH AND THE COMPANY AND APPOINTMENT LETTER ISSUED TO MR. R. SAMPATH IS AVAILABLE FOR INSPECTION AT THE REGD OFFICE OF THE COMPANY, BY ANY MEMBERS BETWEEN 11 AM TO 1.00 P.M. UPTO THE DATE OF ANNUAL GENERAL MEETING.**
5. **AS A MEASURE OF ECONOMY, COPIES OF THE ANNUAL REPORT WILL NOT BE DISTRIBUTED AT THE ANNUAL GENERAL MEETING. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING.**
6. **THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY SHALL REMAIN CLOSED FROM 18<sup>TH</sup> AUGUST, 2001 TO 27<sup>TH</sup> AUGUST, 2001 (BOTH DAYS INCLUSIVE) FOR ANNUAL CLOSURE AS PER THE LISTING AGREEMENTS.**
7. **MEMBERS ARE REQUESTED TO NOTIFY IMMEDIATELY ANY CHANGE OF ADDRESS TO THEIR DEPOSITORY PARTICIPANTS (DPs) IN RESPECT OF THEIR ELECTRONIC SHARE ACCOUNTS AND TO THE COMPANY AT ITS SHARE DEPARTMENT AT LOTUS HOUSE, 5<sup>TH</sup> FLOOR, 33-A NEW MARINE LINES, MUMBAI 400 020 IN RESPECT OF THEIR PHYSICAL SHARE FOLIOS, IF ANY.**



**BY THE ORDER OF THE BOARD  
For AMIT SPINNING INDUSTRIES LIMITED**

**sd/-**

**(M.M. KAMATH)**

**Vice President & Company Secretary**

**Regd. Office:**

**Lotus House, 5th Floor,  
33-A New Marine Lines  
MUMBAI 400 020**

**Date: 28th June, 2001**





**10th****ANNUAL REPORT 2000-2001****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:****ITEM NO : 5**

Mr. Pravin Shah was co-opted as an additional director on the Board at its meeting held on 25<sup>th</sup> October, 2000 pursuant to Section 260 of the Companies Act, 1956. Mr. Pravin Shah holds the office of the Director upto the date of ensuing Annual General Meeting. A Notice was received by the Company from a member with a deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956 proposing Mr. Pravin Shah's candidature as Director liable to retire by rotation

Except Mr. Pravin Shah, none of the directors of the Company are interested in this resolution.

**ITEM NO: 6**

Mr. Tushar Jani was co-opted as an additional director on the Board at its meeting held on 25<sup>th</sup> October, 2000 pursuant to Section 260 of the Companies Act, 1956. Mr. Tushar Jani holds the office of the Director upto the date of ensuing Annual General Meeting. A Notice was received by the Company from a member with a deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956 proposing Mr. Pravin Shah's candidature as Director liable to retire by rotation

Except Mr. Tushar Jani, none of the directors of the Company are interested in this resolution.

**ITEM NO: 7**

Shri Amit B. Shah was appointed as the Director of the company on 25<sup>th</sup> January, 2000. The Board of Directors in their meeting held on 25<sup>th</sup> October, 2000 proposed to appoint Mr. Amit B. Shah as Joint Managing Director of the Company for a period of 5 years effective from 1/11/2000 to 31/10/2005 on the terms and conditions as set out in the draft agreement.

An abstract dated 25<sup>th</sup> October, 2000 stating the terms and conditions applicable to Mr. Amit B. Shah was sent to the Shareholders of the Company as required by Section 302 of the Companies Act, 1956. The said terms and conditions are as under:

1. **Salary** : Rs. 60,000/- p.m. in the first year  
Rs. 75,000/- p.m. in the second year  
to reach to a maximum of 1,50,000/-p.m. from third year onwards.
  2. **Perquisites**
- Category "A" :**
- a) House Rent Allowance : 60% of the salary
  - b) Allowance for gas, electricity, water & furnishing as valued as per Income Tax Rules 1962. : 10% of the salary
  - c) Medical Reimbursement for the domestic treatment of the self and the family : Reimbursement of the expenses actually incurred including for hospitalization, premium for medical insurance, the total cost of which to the Company shall not exceed one month's salary in a year or three month's salary over a period of three years.
  - d) Leave Travel concession for self & the family : For self and family, once in a year in accordance with the rules of the Company.
  - e) Club Fees : Fees of clubs subject to a maximum of two clubs. This will not include life membership fees or admission fees.
  - f) Personal Accident Insurance : Premium not to exceed Rs. 4,000/- per annum.

**Category " B"**

- a) Contribution to Provident Fund 12% and Super Annuation Fund 15% not exceeding 25% of the Salary or what is not taxable under the Income Tax Act.
- b) Gratuity will be payable at half a month's salary for each completed year of service.
- c) Paid leave of 37 days for every 12 months' service will be allowed. The accumulated leave not availed will be allowed to be en-cashed at the end of the tenure.



## AMIT SPINNING INDUSTRIES LIMITED



### Category "C"

- a) A Chauffeur driven car for use on Company's business will be provided. Use of Car for private purposes shall be billed by the Company.
- b) A telephone at the residence will also be provided at Company's expenses. The Company will bill personal long distance calls from the house telephone.

### 3. Commission

In addition to the above salary and perquisites, a commission of 1% (one Percent Only) of the net profits computed in accordance with the Companies Act, will be payable. In case of inadequate profits or no profits, salary and perquisites as above will be payable and commission will be payable only as determined by the net profit of the Company as computed under the Companies Act for the purpose.

### 4. Memorandum of Interest:

Except Mr. Amit B. Shah, Mr. Bharat P. Shah who is relative of Mr. Amit B. Shah, no other Director is concerned or interested in the above appointment.

### ITEM NO: 8

The Board of Directors in their meeting held on 19<sup>th</sup> January, 2001 co-opted Mr. R. Sampath as an Additional Director of the Company with effect from January 19, 2001, pursuant to Section 260 of the Companies Act, 1956. He will hold office upto date of the ensuing Annual General Meeting. Item No. 8 pertain to the resolution seeking approval of the members in general meeting for appointment Mr. R. Sampath as whole time technical director of the Company. The terms of his appointment are set below:

#### Period of appointment :

With effect from 19<sup>th</sup> January, 2001 to 18<sup>th</sup> January, 2006 (subject to approval of his appointment as whole time technical director in the ensuing Annual General Meeting)

#### Details of remuneration:

- a) **Salary per month :**  
Not over Rs. 75,000 p.m.
- b) **Performance Bonus:**  
Based on his performance or based on his value addition to the Company, upto a maximum of One basic salary, payable quarterly or at other intervals as may be decided by the Board.
- c) **Perquisites and Allowances:**
- d) **Housing:**  
Furnished residential accommodation or house rent allowance upto 40% of salary in lieu thereof. The expenditure incurred by the Company on gas, electricity, water and furnished shall be valued as per Income Tax Rules, 1962.
- e) **Medical reimbursement/allowance :**  
Reimbursement of actual expenses for self and family and/or allowances will be paid as per the rules of the Company.
- f) **Leave Travel Concession/Allowances :**  
For self and family once in a year, in accordance with the rules of the Company.
- g) **Club fees:**  
Fees payable subject to a maximum of two clubs.
- h) **Provision of driver/driver's salary :**  
As per rules of the Company.
- i) **Personal accident insurance :**  
As per rules of the Company.

**10th****ANNUAL REPORT 2000-2001****j) Company's contribution to provident fund and super-annuation fund:**

As per rules of the Company.

**k) Gratuity :**

As per the rules of the Company.

**l) Encashment of Leave :**

As per the rules of the Company.

**m) Company Car and Telephone:**

Use of the Company's car and telephone at residence for official purpose.

Your directors recommend passing of the Resolution.

Except Mr. R. Sampath no other Director is concerned or interested in the Resolution.

**ITEM NO: 9**

The equity shares of the Company are listed on the Stock Exchanges at Mumbai, Ahmedabad, Delhi and National Stock Exchange. It has been observed that in the Stock Exchange at Ahmedabad and Delhi, the shares of the Company are hardly being traded. Hence, it is proposed to delist the equity shares of the Company from these stock exchanges subject to applicable laws, regulations and/or norms prescribed by appropriate authorities/bodies for voluntary delisting of shares. The shares of the Company will continue to be listed on the premiere Stock Exchanges in the country i.e. NSE & the Stock Exchange, Mumbai which is also regional stock exchange for the Company.

In line with the SEBI regulations and approval, if any, required, members' approval is being sought by a Special Resolution for enabling voluntary delisting of shares from the said stock exchanges. The delisting will take effect after all approvals/sanctions are received. The exact date on which delisting will take effect will be suitably notified at that time.

Your Directors recommend the resolution at Item No. 9 of the accompanying Notice for your approval.

None of the Directors is, in any way, concerned or interested in the proposed resolution.

BY THE ORDER OF THE BOARD  
For **AMIT SPINNING INDUSTRIES LIMITED**

sd/-

**(M.M. KAMATH)**

Vice President &amp; Company Secretary

Place : Mumbai

Date: 28th June, 2001