

AMIT SPINNING INDUSTRIES LIMITED



27th Annual Report
■■■■ 2018-2019

BOARD OF DIRECTORS

Deepak Choudhari (Chairman)
 Jitendrakumar Chopra (Managing Director)
 Sharmiladevi Chopra (Non- Executive Director)
 Satish Murabatte (Non Executive/Independent Director)
 Amol Kanwade (Non Executive/Independent Director)
 Mahaveer Bhandari (Non Executive/Independent Director)

AUDITORS

Sanjay Vhanbattee & Co.
 Chartered Accountants
 Kolhapur

CHIEF FINANCIAL OFFICER

Shreyans Rajendra Choudhari

COMPANY SECRETARY

Aniruddha Badkatte

BANKERS

HDFC Bank Ltd.

REGISTERED & CORPORATE OFFICE

E-43/1, Okhla Industrial Area,
 Phase - II, New Delhi - 110020
 Tel : 011-2638 7320
 Fax : 011-2638 7388

REGISTRAR & TRANSFER AGENTS

M/s. RCMC Share Registry Pvt. Ltd.
 B-25/1, Okhla Industrial Area, Phase-II,
 Near Rana Motor, New Delhi - 110020
 Tel.: 011-26387320 Fax : 011-26387322

PLANT

Gat No. 47 & 48, Sangavade Village
 Kolhapur - Hupari Road
 Taluka Karveer
 Dist. Kolhapur 416 202
 MAHARASHTRA
 Ph.: 0231 - 2676106/2676108/2676110
 Fax : 0231-2676164

REGISTERED OFFICE

E 43/1, Okhla Industrial Area,
 Phase - II, New Delhi - 110020

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27th AGM

- Date : September 26, 2019 Time 11:30 A.M.
- Venue : Bipin Chandra Pal Memorial Bhavan, A-81, Chittaranjan Park, New Delhi - 110 019
- Book Closure : Saturday, the 14 st September, 2019 to Thursday, the 26th September 2019 (both days inclusive)

BOARD'S REPORT

Dear Members,

Your Directors have great pleasure in presenting the 27th Annual Report together with Audited Statements of Accounts of the Company for the year ended March 31, 2019.

FINANCIAL RESULTS:

The summarized financial results for the year ended March 31, 2019 as compared to the previous year are as follows:

(₹ in Lakhs)

Particulars	2018-2019	2017-2018
Revenue from Operation	-	-
Other Income	-	0.19
Profit before depreciation, interest finance charges and tax (PBDIT)	(296.86)	(3306.26)
Less: Interest and Finance Charges	132.25	86.17
Less: Depreciation	278.43	269.68
Profit/(Loss) before Tax (PBT)	(707.54)	(3,662.11)
Less : Tax Expense/Deferred Tax	0	0
Profit/(Loss) after Tax (PAT)	(707.54)	(3,662.11)
Other Comprehensive Income	-	-
Total Comprehensive Income	(707.54)	(3,662.11)

FINANCIAL ANALYSIS AND PERFORMANCE REVIEW

The company's operations remain suspended during the year under review resulting in no revenue from operations.

The National Company Law Tribunal vide its order dated 31 July 2018 approved the resolution plan as submitted by resolution applicants for the company pursuant to the Corporate Insolvency Resolution Process initiated as per the provisions of the Insolvency and Bankruptcy code, 2016.

After obtaining physical possession of the factory the company has carried out repairs and maintenance activities and started its trial production from 2 May 2019.

MANAGEMENT PERCEPTION ON OPPORTUNITIES, RISKS, CONCERN & OUTLOOK

The Indian government has come up with the Revised Restructured Technology Up gradation Fund Scheme (RRTUFS), 10% capital subsidy to the specified technical textile machinery, allowing 100% FDI in the Indian textiles sector under the automatic route may increase the profits in the coming years, the future of the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players. Further, the Textile Ministry has also introduced a new textile policy to promote value additions which sets a target of doubling textile exports in next 10 years.

The major factors hindering progress of the textiles industry are Increase in the power costs, higher transaction costs, high cost of labour and general increase in input costs, thus the industry has to concentrate on cost reduction exercises and improvement in efficiency. Another key challenge presently is the Fiber/Raw Material cost, which is increasing abruptly and increase is not fully absorbed in the yarn prices and accordingly yarn spinners are hit the most in the entire textile chain. Due to fluctuating prices and uncertainties in the foreign exchange market, increase in power cost, introduction of GST and lack of adequate working capital, the EBITA levels may remain stagnant during the year.

Further, to overcome the losses promptly in this challenging scenario, the Management is keeping a close watch on various threats/risks facing the company and taking all appropriate steps to start of manufacturing unit to its full capacity.

SEGMENT-WISE PERFORMANCE

Amit Spinning Industries Ltd. (ASIL) being a cotton yarn manufacturer has only one business segment. On the basis of geographical categorization of market, ASIL identified two segments i.e. exports and domestic.

During the year under review, Company has not manufactured yarn.

SUBSIDIARY COMPANIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As there are no subsidiaries/ associates / joint ventures of the Company, the provisions contained in Companies Act, 2013/SEBI (LODR) Regulations relating to subsidiaries are not applicable.

DIVIDEND

During the year under review, the Company has no distributable profits hence directors regret their inability to recommend any dividend for financial period 2018-19.

SHARE CAPITAL

The Company's Authorized Share Capital as on 31st March, 2019 stands at Rs. 25,00,00,000/- and issued & paid up capital as on 31st March, 2019 stands at Rs. 20,58,48,335/- divided into 4,11,69,667 fully paid up equity shares of Rs. 5/- each. During the year, under review, the Company has not issued any share(s). Further the Company has not issued any

share with differential Voting Rights/Sweat Equity shares/under Stock Option Scheme (ESOS) earlier and during the year. During the year under review, the Company had initiated corporate action as per approved resolution plan, which includes reduction and consolidation of face value of shares, Extinguishment of shares held by previous promoters and Top 10 Shareholders and the same in process of implementation.

The Company has no scheme of provision of money for purchase of its own shares by employees or by trustees for the benefit of employees. Hence the details under rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014 are not required to be disclosed.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Change in Directors and Key Managerial Personnel

Mr. Jitendrakumar Goutamchand Chopra has been appointed as an Additional Director and designated as Executive Managing Director on the Board of the Company with effect from 10th August, 2018.

Mr. Deepak Chaganlal Choudhari has been appointed as an Additional Director and designated as Executive Joint Managing Director on the Board of the Company with effect from 10th August, 2018.

Mrs. Sharmila Devi J Chopra has been appointed as a Woman Non-Executive Director on the Board of the Company with effect from 10th August, 2018.

Mr. Satish Murabatte and Mr. Amol Kanwade were appointed as Non Executive Independent Directors w.e.f 15 November 2018 and Mr. Mahaveer Bhandari was appointed as Non Executive Independent Director w.e.f 31 May 2019.

Mr. S P Setia Non Executive Independent Director and Mr. Vijaybhan Singh Non Executive Director resigned w.e.f 15 November 2018 and Mrs. Shivani Gupta Non Executive Independent Director resigned w.e.f 15 March 2019.

Mr. Aniruddha Badkatte has been appointed as a Company Secretary of the Company with effect from 10th August, 2018.

Mr. Shreyans Rajendra Choudhari has been appointed as a Chief Financial Officer of the Company with effect from 10th August, 2018.

Ms. Shifali Gupta resigned as the Compliance Officer w.e.f 3 October 2018 and Mr. Aniruddha Badkatte was appointed Compliance Officer from 4 October 2018.

Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas and names of the companies in which they hold directorship and membership/chairmanships of the Board or its Committees, as stipulated under SEBI (LODR) Regulations entered into by the Company with stock exchanges in India, is provided in the Report of Corporate Governance forming part of the Annual Report.

(b) Number of Meetings of the Board

After Commencement of CIRP, Mr. Parveen Bansal was appointed as Resolution professional. As per Section 17 of the Insolvency and Bankruptcy code 2016 upon appointment of IRP the powers of Board of Directors stands suspended and such powers are exercised by the RP/IRP appointed for the Company.

During the year under review and after the order of NCLT date 31 July 2018, Five meetings of the Board were held during the year. The detailed information regarding meetings of the Board held during the year is mentioned in the Corporate Governance Report which forms part to this report.

(c) Declaration by Independent Directors

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations.

(d) Annual Evaluation by the Board

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

(e) Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is enumerated in the Corporate Governance Report. During the year, neither the Managing Director nor the Whole-time Directors of the Company received any remuneration or commission.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 134(3) (c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 as at March 31, 2019 and of the profit and loss of the company for that period;

- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

None of the transactions with related parties falls under the scope of section 188(1) of the Act. All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related parties transactions entered into by the Company with Holding Company/ Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Prior omnibus approval of the Audit Committee was obtained for Related Party Transactions for the year ended 31st March, 2019 and for transactions proposed to be entered into with related parties for the financial year 2019-20 were placed before the said committee and consent of the said committee was obtained.

The policy on Related Party Transactions as approved by the Board has been uploaded on the website www.amitspinningindustries.com. None of the Directors has any pecuniary relationships or transactions vis-a-vis the Company. Since all related party transactions entered into by the Company were in ordinary course of business and were on an arm's length basis, form AOC - 2 is not applicable to the Company.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN THE DATE OF THE BOARD REPORT AND END OF FINANCIAL YEAR

The Company had started trial production of manufacturing of yarn from 2 May 2019 at its factory located at Sangawade Kolhapur.

AUDITORS AND AUDITORS REPORT

(a) Statutory Auditor & Audit Report

Statutory Auditors i.e. M/s Sanjay Vhanbatte, have submitted Auditors' Report on the accounts of the Company for the period ended 31st March 2019. The Auditor's Report read with Notes to Accounts is self-explanatory and does not call for any further explanation under Section 134 of the Companies Act, 2013. Directors' response to the various observations of the auditors made in their report, have been explained wherever necessary through appropriate notes to accounts.

(b) Cost Auditor:

The Company have not produced any yarn in the year 2018-19, the Companies (Cost Records and Audit Rules), 2014 is not applicable to the Company.

(c) Secretarial Auditor & Audit Report:

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Company has appointed M/s. PPS and Associates, Practicing Company Secretaries as Secretarial Auditor to carry out the secretarial audit for the financial year 2018-19.

The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed herewith marked as Annexure 1 to this Report.

The qualifications/observations/remarks made by the Secretarial Auditors and management's view thereon are given in their Report attached hereto. New management had taken over the Company after the NCLT order the handover process was initiated. Due to this there was delay in submission of Financial result for september quarter.

(d) Internal Audit

Pursuant to provisions section 138 of Companies act 2013 read with Companies (Accounts) Rules 2014, the board on recommendation of Audit Committee appointed Thigale Utturkar and Associates Chartered Accountants as the Internal Auditor of the Company. The Management regularly reviews the findings of the Internal Auditor and takes effective steps to implement suggestions of the Internal Auditor.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has established adequate internal control systems, commensurate with its size and nature of business and such systems are periodically audited, verified and reviewed for their validity, considering the changing business scenario from time to time, the Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them.

EXTRACT OF THE ANNUAL RETURN

The details forming part of the extract of annual return in Form MGT-9 as required under Section 92(3) of the Companies Act and Rule 12 of the Companies (Management and Administration) Rules, 2014 is available on the website www.amitspinningindustries.com.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

As there is no operation/production during the year under review, the information as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014 is not applicable.

PARTICULARS OF EMPLOYEES

The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) & 5(3) of the companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, shall be made available to any shareholder on a specific request made by him in writing on or before 26th September, 2019

DEPOSITS

The Company has not accepted or renewed any deposit during the year and there are no outstanding and/or overdue deposits as at 31st March, 2019.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of loans, Guarantees and Investments covered under the provision of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

VIGIL MECHANISM

The Company has framed and implemented a vigil mechanism named as Whistle Blower Policy to deal with instances of fraud and mismanagement, if any. The details of the Whistle Blower Policy are provided in the Corporate Governance Report and also hosted on the website of the Company.

During the year under review, the Company has an Internal Complaint Committee as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and, there were no complaint received during the year.

HUMAN RESOURCES/INDUSTRIAL RELATIONS

A fundamental concept embodied in the company's code of conduct is to provide working environment that motivate employees to be productive and innovative and provide opportunities for employee training and development to maximize personal potential and develop careers within the Company. The Company values the involvement of its employees and keep them informed on matters affecting them as employees and factors relevant to the company's performance and other employee related issues on a non discriminatory basis.

The Board of Directors place on record the active, dedicated and valuable contribution made by employees of the Company at all levels with regard to the affairs of the Company. The Industrial relations remained cordial within the Company.

FRAUD REPORTING

During the year Statutory Auditors has not found any instance of fraud committed against the Company by its employees or officers and accordingly, reporting to the Audit Committee or Central Government is not required.

INFORMATION TECHNOLOGY

Information Technology continues to be an integral part of your company's business strategy.

CHANGE IN THE NATURE OF BUSINESS

There is no change in the nature of the business of the company.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

As stipulated under SEBI (LODR) Regulations entered into with Stock Exchanges, a report on Corporate Governance and Management Discussion Analysis is attached separately as a part of the Annual Report.

LISTING OF SHARES

Presently Company's shares are listed and traded at the BSE Limited, Mumbai (BSE) and National Stock Exchange of India, Mumbai (NSE).

CONCLUSION

Your company was going through challenging and difficult period due to market and financial constraints. The Resolution Applicants have submitted the Resolution Plans for the revival of the Company, the same was subsequently approved by the NCLT, vide its order dated 31st July, 2018. The Company have carried out repairs and Maintenance activities and was able commence trial production on 2 May 2019. Further steps are being taken to start the production to its full capacity.

Acknowledgements

Your Directors place on record their sincere thanks to bankers, financial institutions business associates, consultants, customers, suppliers, contractors and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledge gratefully the shareholders for their support and confidence reposed on the Company.

For & on behalf of the Board

Sd/-

Place : Kolhapur

Deepak Choudhari

Date : 26th August, 2019

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE

The Indian textiles industry has an overwhelming presence in the economic life of the country and is one of oldest industries in the Country. The textile industry has a capacity to produce a versatile spread of products appropriate for varied market segments both domestic and export market. The textile industry plays a pivotal role through its contribution to industrial output, employment generation and export earnings of the country.

Opportunities

The Indian textile industry is set for strong growth by both strong domestic consumption as well as export demand. India's textile sector is aided by several key advantages in terms of availability of various raw materials, entrepreneurial skills, large domestic market presence of supporting industries and supporting policy initiatives of the Government.

Challenges

To get maximum advantage of the vast potential of this vibrant industry. It is very important for the Government and industry to work towards addressing key challenges including absolute machinery and technology, threats to handloom sector, power shortage and illicit market and labour related concerns.

2. HUMAN RESOURCE MANAGEMENT

The has cordial and harmonious relations with its employees. It considers manpower as its assets and that the people had been the driving force for the growth of the company.

3. PRESENT SCENARIO

During the year under revenue, the production remained suspended. Further, the factory has received electricity connection from MSEB on 20th March 2019. The trial production has been starting in the month of May, 2019 & Company is expected to start commercial production soon.

4. CAUTIONARY STATEMENT

Certain statements in 'Management Discussion and Analysis' are forward looking and may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect actual results which could be different from what the management envisage in terms of future performance and outlook.

Annexure - 1 to the Director's Report**Form No. MR-3****SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the
Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

Amit Spinning Industries Limited

(CIN NO: L17100DL1991PLC171468)

E-43/1 Okhla Phase II

New Delhi

South Delhi 110020

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Amit Spinning Industries Limited (CIN L17100DL1991PLC171468) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 according to the provisions of:
 - i. The Companies Act, 2013 and the Companies Act, 1956 ('the Act') and the rules made thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (Not Applicable to the Company during the Audit period).
2. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading Regulations) 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
 - d. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014. (Not Applicable to the Company during the Audit period)
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008. (Not Applicable to the Company during the Audit period)
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client (Not Applicable to the Company during the Audit period)
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not Applicable to the Company during the Audit period)
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998. (Not Applicable to the Company during the Audit period) and
 - i. The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015

We have also examined compliance with the applicable clauses of the following:

- a. Secretarial Standards issued by The Institute of Company Secretaries of India.
- b. The Listing Agreements entered into by the Company Stock Exchanges

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except below

1. In Terms of Point No. 16 of Part A of Schedule III to the SEBI (LODR) 2015 the Company was required to intimate Stock exchanges about various events happened during corporate insolvency resolution process, the Company could not comply with the same.

2. In terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and "Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their immediate relatives" the company has failed to comply with the requirements of trading window and its intimation to stock exchanges.
3. In terms of to Rule 33(2)(a) of the SEBI (LODR) 2015 - The quarterly financial results submitted shall be approved by the board of directors: Provided that while placing the financial results before the board of directors, the chief executive officer and chief financial officer of the listed entity shall certify that the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading. Since there was no CFO till 10.08.2018 the Company has failed to Comply with the Rule 33(2)(a) of the SEBI (LODR) 2015.
4. In Terms of Regulation 33 (3)(a) of SEBI (LODR) 2015 Quarterly unaudited financial result for the quarter ended September 30, 2018 was required to be filed by November 15, 2018. However Company filed the unaudited financial result for the quarter ended September 30, 2018 to BSE AND NSE on 25th December 2018 with delay of 40 Days, hence the company has not complied with the requirements of Regulation 33 (3) (a) of SEBI (LODR) 2015.
5. In Terms of Regulation 31 (1) of SEBI (LODR) 2015 shareholding pattern for the quarter ended December 31, 2018 was required to be filed by January 21, 2018. However Company filed the shareholding pattern for the quarter ended December 31, 2018 to BSE AND NSE on 24th January 2019 with delay of 3 Days, hence the company has not complied with the requirements of Regulation 31 (1) of SEBI (LODR) 2015.
6. In terms of Regulation 18 (2) of SEBI (LODR)2015, the gap between two audit committee meetings i.e. 10th August 2018 and 25th December 2018 is 136 days which exceeds maximum gap allowed under regulation i.e. 120 days. Hence the company has not complied with the requirements of Regulation 18 (2) of SEBI (LODR) 2015.
7. In terms of Regulation 18 (1) (d) of SEBI (LODR) 2015 the chairperson of the audit committee shall be an independent director and he shall be present at Annual general meeting to answer shareholder queries. However Chairperson of Audit Committee didn't attend Annual General Meeting held on 27th September 2018. Hence the company has not complied with the requirements of Regulation 18 (1)(d) of SEBI (LODR) 2015.
8. In terms of Regulation 34 (2) (a) of SEBI (LODR)2015 (2) The annual report shall contain the Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d). However Company's Annual report for the year 2017-18 do not contain Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d) of SEBI (LODR)2015. Hence the company has not complied with the requirements of Regulation 34 (2)(a) of SEBI (LODR) 2015.
9. In terms of clause 14 of the SEBI (LODR) 2015 the company was required to pay annual listing fees to the stock exchanges however since the company is into CIRP Company has not paid the same.
10. In terms of Regulation 20 of Companies (Management and Administration) rules, 2014 the company was required to provide e-voting facility to its shareholders. However the company did not provide e-voting facility to its shareholders for the resolutions passed at the Annual General Meeting held on 27-09-2018.
11. In term of Section 203 of the Companies Act the company was required to appoint a Whole Time company secretary. However the company did not appoint whole time company secretary till 10-08-2018.
12. In term of Section 203 of the Companies Act the company was required to appoint a CFO. However the company did not appoint CFO till 10-08-2018.
13. In Board Meeting dated 15-11-2018 the company passed several resolutions relating to Reduction in face value of shares, consolidation of face value of shares, extinguishment and allotment of shares. However as informed to us, list of top 10 shareholders given to resolution applicant by the company while submitting the resolution plan was incorrect which resulted into incorrect resolution plan. Therefore it has become difficult to execute the extinguishment of shares thereby all corporate actions in the said Board Resolutions have been put on hold. We are unable to comment on this non-compliance since there is no order from Hon'ble NCLT.
14. In terms of third proviso of Section 139 (2) of the Companies Act 2013 an Auditor who has done Statutory Audit of more than immediate 2 years before the commencement of the Companies Act 2013 cannot be appointed as Auditor for more than 3 years after the commencement of the Companies Act 2013. However Company appointed M/s. Sunil Jain & Co, Chartered Accountants who was Statutory Auditor of the company for more than 2 immediately preceding years before the commencement of the Companies Act 2013 was appointed as a Statutory Auditors of the company at AGM held on 11.09.2014 for the period of 4 years. Hence Company has not complied with the third proviso of Section 139 (2) of the Companies Act 2013.
15. Company has passed Board Resolutions for appointment of Mr. Jitendrakumar Goutamchand Chopra as Managing Director and Mr. Deepak Chaganlal Chaudhari as Joint Managing Director. However Form DIR 12 was filed as Additional Director instead of Managing Director.
16. In Annual General Meeting held on 27.09.2018 appointment of Mr. Deepak Chaganlal Chaudhari as Joint Managing Director was confirmed by shareholders however Form DIR -12 for the same was filed as Whole Time Director instead of Managing Director.
17. Company has not filed Form MGT-14 for Board Resolution for approval of Financial Statements along with Reports of Auditors and Directors thereon.

18. With respect to Board Resolutions dt 29.09.2018 Company has filed Form MGT - 14 as special resolution of shareholders instead of Board Resolutions
19. On 15.11.2018 Mr. Amol Annaso Kanwade was appointed as an additional director of the company. However company has filed Form DIR -12 as Director instead of additional director.

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under following specific laws applicable to the Company:

- a. Textile Committee Act, 1963
- b. Textile (Development & Regulation) Order, 2001
- c. Textile (Consumer Protection) Regulations, 1988
- d. The Sick Industrial Companies (Special Provisions) Act, 1985
- e. The Insolvency and Bankruptcy Code, 2016 and related Rules and Regulations

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except those mentioned above. Since the company was under Corporate Insolvency Resolution Process ("CIRP") powers of Board of Directors was suspended and vested with Resolution Professional till approval of Resolution Plan by NCLT on 31.07.2018.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings and committee meetings were taken unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further reports that during the audit period there were following specific events / actions occurred which are having a major bearing on the company's affairs:

- a. Hon'ble NCLT, Principal Bench, New Delhi approved the resolution plan for Company on 31.07.2018 as submitted by Mr. Deepak Chaganlal Choudhari and Mr. Jitendra Kumar Chopra being the Resolution Applicants. After that various corporate actions like face value of shares, consolidation of face value of shares, extinguishment and allotment of shares that was required to be executed has been put on hold

For, PPS & Associates

Company Secretaries

Sd/-

Shrenik Nagaonkar

Partner

Place: Kolhapur

Date: August 26,2019

FCS No.: 7067 C P No.: 11682